INDEXES

I. Index of Witnesses and Exhibits (Chronologically as to appearance in transcript)—

Pages I to XXVI

II. Alphabetical Index of Witnesses—

Pages XXVII to XXXI

III. Alphabetical Index of Plaintiff Insurance Companies—

Pages XXXIII to XXXVIII

IV. Exhibits (Chronologically as to dates thereof)—

Pages XXXIX to LXI

IN THE

District Court of the United States

FOR THE WESTERN DISTRICT OF MISSOURI.
CENTRAL DIVISION.

IN EQUITY.

No. 270

(and other pending cases 270 to 426 excepting those dismissed).

AMERICAN INSURANCE COMPANY, A CORPORATION, PLAINTIFF,

VS.

RAY B. LUCAS (SUCCESSOR IN OFFICE TO R. E. O'MALLEY, SUCCESSOR IN OFFICE TO JOSEPH B. THOMPSON), SUPERINTENDENT OF THE INSURANCE DEPARTMENT OF THE STATE OF MISSOURI, AND ROY McKITTRICK (SUCCESSOR IN OFFICE TO STRATTON SHARTEL), ATTORNEY GENERAL OF THE STATE OF MISSOURI, DEFENDANTS.

INDEX I

(Chronologically As to Appearance in Transcript.)

	Vol.	Page
Caption	I	1
Appearance of parties	I	1
Colloquy between counsel as to the introduction of testimony	I	2
DEFENDANTS' EVIDENCE		
RUSSELL D. HOBBS, Secretary Subscribers Actuarial Committee	I	3
Exhibit 1—List of cases pending	I	9
ERNEST A. HENNE, Chairman Subscribers Actuarial Committee and Vice President Continental Insurance Group	I	20
Exhibit 2—Memorandum Agreement (settlement agreement) dated 18th day of May, 1935, between R. Emmet O'Malley and Charles R. Street	I	27

	Vol.	Page
Exhibit 3—Decree dated February 1, 1936, entered in each cause	I	32
Exhibit 4—Declaration of Trust dated February 7, 1936, executed by Charles R. Street and Robert J. Folonie	I	40
Exhibit 5—Check of Continental Insurance Company, dated May 2, 1935, payable to Chas. R. Street, Chairman, for $15,000.00	I	46
Exhibit 6—Letter from Mr. Culver, President, Continental Insurance Company, to Mr. Henne, Vice President, dated April 16, 1936	I	51
Exhibit 7—Letter from Mr. Jones to Mr. Culver, President, Continental Insurance Company, dated April 20, 1936	I	53
Exhibit 8—Memorandum of C. R. Street, addressed to the Governing Committee, dated September 25, 1936	I	54
Exhibit 9—Inter-office communication between Bert R. Jones, Assistant Auditor, and William H. Emes, Auditor, dated October 29, 1936	I	55
WALTER D. WILLIAMS, former President of Security Insurance Company and East and West Insurance Company; member of Subscribers Actuarial Committee	I	70
Exhibit 10—Letter from C. R. Street to Walter D. Williams, dated March 17, 1936	I	81
Exhibit 11—Letter from C. R. Street to Walter D. Williams, dated March 17, 1936	I	82
Exhibit 12—Check issued by Security Insurance Company, dated March 23, 1936, payable to C. R. Street, agent, amount $2,960.75	I	83
Exhibit 13—Check issued by East and West Insurance Company, dated March 23, 1936, payable to C. R. Street, Agent, amount $1,302.56	I	84
Exhibit 14—Letter from Mr. C. R. Street to Mr. Powrie, dated November 9, 1936	I	85
Exhibit 15—Letter transmitting checks to Mr. C. R. Street, dated March 23, 1936	I	87
RUSSELL D. HOBBS, Recalled	I	97
Exhibit 16—Extract from Minutes of meeting of Actuarial Committee, dated February 8, 1935	I	98
Exhibit 17—Extract from Minutes of meeting of Actuarial Committee, dated March 19, 1935	I	98
Exhibit 18—Extract from Minutes of meeting Actuarial Committee, dated July 9, 1935	I	99

	Vol.	Page
Exhibit 19—Extract from Minutes of meeting Actuarial Committee, dated October 1, 1935	I	101
Exhibit 20—Extract from Minutes of meeting Actuarial Committee, dated November 27, 1935	I	102
Exhibit 21—Extract from Minutes of meeting Actuarial Committee, dated November 27, 1935	I	104
Exhibit 22—Extract from Minutes of meeting Actuarial Committee, dated April 8, 1936	I	105
Exhibit 23—Extract from Minutes of meeting Actuarial Committee, dated June 5, 1936	I	106
Exhibit 24—Extract from Minutes of meeting of Actuarial Committee, dated October 23, 1936	I	106
Exhibit 25—Extract from Minutes of meeting of Actuarial Committee, dated December 8, 1936	I	107
Exhibit 26—Extract from Minutes of meeting of Actuarial Committee, dated April 30, 1935	I	108
A. F. POWRIE, Manager, Western Department, Fire Association of Philadelphia Group	I	109
Exhibit 27—Copy of letter from Mr. Powrie to O. E. Lane, dated March 12, 1936	I	112
Exhibit 28—Voucher receipt to Fire Association of Philadelphia by C. R. Street, Chairman, dated March 13, 1936, for $1,712.82	I	116
(Exhibit 28a see page XXV.)		
Exhibit 29—Letter from Mr. Powrie to C. R. Street, transmitting check for $1,712.82, dated March 13, 1936	I	120
Exhibit 31—Letter from Mr. Powrie to C. R. Street, dated April 29, 1936, transmitting check for $5,425.59	I	125
(Exhibit 31a see page XXV.)		
(Exhibit 31b see page XXV.)		
(Exhibit 31c see page XXV.)		
(Exhibit 31d see page XXV.)		
Exhibit 30—Letter from Charles R. Street to Mr. A. F. Powrie, dated April 27, 1936	I	131
Exhibit 32—Letter from C. R. Street to A. F. Powrie, dated November 9, 1936 (original of Exhibit 14)	I	132
GEORGE H. BELL, Manager, Western Department, National Fire Insurance Company and affiliated companies; member Subscribers Actuarial Committee	I	136
Exhibit 33—Check National Fire Insurance Company, dated May 7, 1935, to Hicks and Folonie, Attys., for $5,000.00	I	148

	Vol.	Page
Exhibit 34—Check National Fire Insurance Company, dated March 27, 1936, issued to C. R. Street, Agent, for $13,655.11	I	149
J. C. McKOWN, Secretary, St. Paul Fire & Marine Insurance Company and Mercury Insurance Company	I	165
C. A. DOSDALL, Secretary, St. Paul Fire & Marine Insurance Company and Mercury Insurance Company	I	168
Exhibit 35—Letter from C. R. Street and R. J. Folonie, Trustees, to St. Paul Fire & Marine Insurance Company, and Mercury Insurance Company, dated March 9, 1936	I	171
Exhibit 36—Disbursement Voucher Mercury Insurance Company, dated March 31, 1936, and pencil memorandum from C. R. Street	I	172
Exhibit 37—Letter to C. R. Street from C. A. Dosdall, dated March 13, 1936	I	174
Exhibit 38—Letter to J. C. McKown from C. R. Street, dated March 30, 1936	I	176
Exhibit 39—Cancelled check of St. Paul Fire & Marine Insurance Company, dated March 13, 1936, payable to C. R. Street and R. J. Folonie, Trustees, amount $1,483.84	I	180
Exhibit 40—Cancelled check of Mercury Insurance Company, dated March 13, 1936, to C. R. Street and R. J. Folonie, Trustees, amount $478.94	I	181
Exhibit 41—Letter from C. A. Dosdall to C. R. Street, dated April 1, 1936	I	184
(Exhibit 41a see page XXV.)		
(Exhibit 41b see page XXVI.)		
Exhibit 42—Letter from C. R. Street to C. A. Dosdall, dated April 2, 1936	I	185
J. C. McKOWN, Recalled	I	204
RAYMOND WALDRON, Vice President Detroit Fire & Marine Insurance Company	I	206
Exhibit 43—Check of Detroit Fire & Marine Insurance Company, dated March 19, 1936, issued to C. R. Street, Agent, amount $897.43	I	209
CHARLES A. REEKIE, Vice President and Secretary, Detroit Fire & Marine Insurance Company	I	212
S. F. WEISER, Secretary, Dubuque Fire and Marine Insurance Company and National Reserve Insurance Company	I	213
Exhibit 44—Memorandum by Mr. S. F. Weiser, March 24, 1936	I	217

	Vol.	Page
Exhibit 45—Copy of letter from H. C. Clark to S. F. Weiser, dated March 24, 1936	I	220
Exhibit 46—Check of Dubuque Fire & Marine Insurance Company, dated March 25, 1936, issued to C. R. Street, Agent, for $2,910.02	I	223
Exhibit 47—Check of National Reserve Insurance Company, dated March 25, 1936, issued to C. R. Street, Agent, for $676.06	I	224
W. R. REILLY, Assistant Secretary Dubuque Fire & Marine Insurance Company	I	228
S. M. BUCK, former Western Manager Firemen's Fund Insurance Company group; member Subscribers Acturial Committee	I	231
Exhibit 48—Office Memorandum from W. L. Leonard to Mr. Buck, dated March 24, 1936	I	234
Exhibit 49—Carbon copy of letter from Mr. Buck to Mr. C. R. Street, dated March 27, 1936	I	241
Exhibit 50—Check of Home Fire & Marine Insurance Company, dated March 27, 1936, issued to C. R. Street, Agent, for $1,259.22	I	247
Exhibit 51—Check of Firemen's Fund Insurance Company, dated March 27, 1936, issued to C. R. Street, Agent, for $5,739.21	I	248
HERBERT A. CLARK, Vice President Firemen's Fund Insurance Company group; member of Subscribers Actuarial Committee	I	249
Exhibit 52—Letter from C. R. Street and R. J. Folonie, Trustees, to Mr. Clark, dated March 9, 1936	I	253
Exhibit 53—Memorandum from Mr. Clark to Miss Bircher, dated March 13, 1936	I	260
Exhibit 54—Memorandum from Mr. Clark to Miss Bircher, dated March 24, 1936	I	266
Exhibit 55—Check of Concordia Fire Insurance Company, dated March 25, 1936, issued to C. R. Street, Agent, for $2,858.24	I	268
Exhibit 56—Check of Firemen's Insurance Company, dated March 25, 1936, issued to C. R. Street, Agent, amount $6,162.33	I	269
Exhibit 57—Check of Girard Fire and Marine Insurance Company, dated March 25, 1936, issued to C. R. Street, Agent, for $1,820.25	I	270
Exhibit 58—Check Mechanics Insurance Company of Philadelphia, dated March 25, 1936, issued to C. R. Street, Agent, for $387.17	I	271
Exhibit 59—Check of Milwaukee Mechanics' Insurance Company, dated March 25, 1936, issued to C. R. Street, Agent, for $3,387.72	I	272

	Vol.	Page
Exhibit 60—Check of National-Ben Franklin Fire Insurance Company, dated March 25, 1936, issued to C. R. Street, Agent, for $1,359.93	I	273
Exhibit 61—Check of Superior Fire Insurance Company, dated March 25, 1936, issued to C. R. Street, Agent, for $1,015.21	I	274
JOHN C. HARDING, Vice President, Springfield Fire & Marine Insurance Company group; member Subscribers Actuarial Committee	I	279
Exhibit 63—Letter from F. A. Schlesinger to John C. Harding, dated March 24, 1936	I	294-295
Exhibit 62—Inter-Office communication from B. E. Hobart to George B. Bulkley, dated March 26, 1936	I	297
BERNARD E. HOBART, Auditor, Springfield Fire & Marine Insurance group	I	300
W. L. LERCH, Manager of the Underwriters Grain Association	I	305
Exhibit 64—Check of Underwriters Grain Association, dated March 18, 1936, issued to C. R. Street, Agent, for $2,070.98	I	310
Exhibit 65—Letter from C. R. Street to W. L. Lerch, dated March 19, 1936	I	312
JOHN R. CASHEL, Assistant Manager, Providence Washington Insurance Company	I	315
CARSTEN CLAUSSEN, Manager Western Department, London & Lancashire Insurance Company group	I	317
Exhibit 66—Check of London & Lancashire Insurance Company, dated March 24, 1936, issued to C. R. Street, Agent, for $3,752.55	I	323
Exhibit 67—Check of Orient Insurance Company, dated March 24, 1936, issued to C. R. Street, Agent, for $3,506.24	I	324
Exhibit 68—Check of Safeguard Insurance Company, dated March 24, 1936, issued to C. R. Street, Agent, for $495.38	I	325
Exhibit 69—Check of Law, Union & Rock Insurance Company, dated March 24, 1936, issued to C. R. Street, Agent, for $1,307.63	I	326
Exhibit 225—Letter from C. Claussen to Homer H. Berger, dated August 1, 1939	I	330
Exhibit 225a—Carbon copy of letter from Claussen, Manager, to General Manager, London, dated July 10, 1936	I	331
Exhibit 225b—Carbon copy of page from report of Missouri Impounded Premiums as of June 30, 1936	I	332

	Vol.	Page
Exhibit 225c—Memorandum letter from Home Office of London & Lancashire Insurance Company Manager, Chicago, dated July 24, 1936	I	333
CHARLES H. SMITH, Assistant General Agent Hartford Fire Insurance Company and Citizens Insurance Company; member of Subscribers Actuarial Committee	I	334
ROBERT P. BARBOUR, United States Manager Northern Assurance Company and London and Scottish Assurance Corporation	I	337
Exhibit 70—Memorandum by Mr. Barbour, dated March 23, 1936	I	359
Exhibit 71—Check of Northern Assurance Company, dated March 23, 1936, issued to C. R. Street, Agent, for $4,910.48	I	360
Exhibit 72—Check of London & Scottish Assurance Corporation, dated March 24, 1936, payable to Northern Assurance Company, Ltd., for $673.33	I	361
O. E. LANE, President, Fire Association of Philadelphia group	I	363
WALTER F. BRADY, Vice President and Secretary of Merchants Fire Assurance Corporation	I	371
Exhibit 73—Memorandum by Mr. Brady, dated March 25, 1936	I	380
Exhibit 74—Check Merchants Fire Assurance Corporation, dated March 25, 1936, issued to C. R. Street, Agent, for $3,012.99	I	381
Exhibit 75—Page 125 of General Cash Book of Merchants Fire Assurance Corporation, dated March, 1936	I	382
F. J. BREEN, President Standard Fire Insurance Company of New Jersey	I	383
Exhibit 76—Check of Standard Fire Insurance Company, dated March 24, 1936, issued to C. R. Street, Agent, for $2,891.02	I	390
Exhibit 77—Memorandum showing impoundings and amount of check of Standard Fire Insurance Company of New Jersey	I	392
Exhibit 78—Page 116 of Cash Book of Standard Fire Insurance Company of New Jersey	I	393
Exhibit 79—Page 65 of the Journal of Standard Fire Insurance Company, dated June, 1936	I	393
Exhibit 80—Ledger page entitled "Missouri Impounded Premiums Held by Trustee—Expenses" Standard Fire Insurance Company of New Jersey	I	393

	Vol.	Page
Exhibit 81—Ledger page entitled "Legal Expenses" Standard Fire Insurance Company, 1936-1938	I	393
WILLIAM H. KOOP, President Great American Insurance Company group	I	393
Exhibit 82—Check requisition, Great American Insurance Company, for $10,000.00, payable to R. J. Folonie, Attorney, dated March 9, 1935	I	398
Exhibit 84—Check Great American Insurance Company group, dated May 9, 1935, to R. J. Folonie, Attorney, for $10,000.00	I	400
Exhibit 83—Check requisition, Great American Insurance Company, issued to C. R. Street, Agent, dated March 24, 1936, for $5,997.00	I	402
Exhibit 85—Check of Great American Insurance Company, dated March 25, 1936, issued to C. R. Street, Agent, amount $5,997.00	I	404
Exhibit 86—Telegram from C. R. Street to Mr. Koop, dated May 16, 1935	I	408
Exhibit 87—Telegram from W. H. Koop to C. R. Street, dated May 16, 1935	I	410
Exhibit 88—Telegram from C. R. Street to Mr. Koop, dated May 16, 1935	I	410
Exhibit 89—Memorandum from Mr. Erskine to Mr. Koop, dated May 16, 1935	I	410
Exhibit 90—Letter from Mr. Erskine to Mr. Street, dated May 17, 1935	I	411
Exhibit 91—Telegram from Mr. Erskine to Mr. Street, dated May 16, 1935	I	412
Exhibit 92—Telegram from Mr. Erskine to Mr. Street, dated May 17, 1935	I	413
Exhibit 93—Telegram from Mr. Street to Mr. Koop, dated May 23, 1935	I	413
WILFRED KURTH, Chairman of the Board of Home Insurance Company and affiliated companies	I	422
Exhibit 94—Check of Home Insurance Company, dated May 2, 1935, issued to Charles R. Street, Chairman, for $15,000.00	I	428
Exhibit 95—Check of Home Insurance Company Special Account No. 3, dated March 23, 1936, issued to C. R. Street, Agent, for $2,868.14	I	430
(Exhibit 95a see page XXVI.)		
Exhibit 96—Order by Mr. Kurth for check to C. R. Street, Chairman, for $15,000.00, dated May 2, 1935	I	432
Exhibit 97—Order for check to Charles R. Street, Chairman, for $15,000.00, dated May 2, 1935	I	434

	Vol.	Page
Exhibit 98—Order for check to C. R. Street, Agent, for $28,682.14, dated March 23, 1936	I	436
Exhibit 99—(Plaintiff's Exhibit 1) Page from Cash Book of Home Insurance Company, dated May 2, 1935	I	448
JOHN R. VAN HORNE, Secretary Globe & Rutgers Insurance Company	I	453
Exhibit 100—Memorandum from Mr. Van Horne to George C. Bowers, dated March 23, 1936	I	459
Exhibit 101—Check of Globe & Rutgers Insurance Company, dated March 23, 1936, issued to C. R. Street, Agent, for $2,852.81	I	460
Exhibit 102—Check requisition dated March 23, 1936, to C. R. Street, Agent, for $2,852.81	I	461
HAROLD T. CARTLIDGE, Deputy United States Manager Royal Insurance Company and affiliated companies	I	462
Exhibit 103—Check requisition, Royal Insurance Company, for $10,000.00, to C. R. Street, Chairman, dated May 2, 1935	I	473
Exhibit 104—Check Royal Insurance Company, dated May 2, 1935, payable to C. R. Street, Chairman, for $10,000.00	I	474
Exhibit 105—Letter from Subscribers' Actuarial Committee to companies, dated February 4, 1936	I	477
Exhibit 106—Memorandum as to impoundings Royal Insurance Company group	I	480
Exhibit 107—Memorandum from Paul L. Haid to Mr. Warner	I	483
Exhibit 108—Order for check dated March 23, 1936, payable to C. R. Street, Agent, for $12,200.40	I	487
F. W. KOECKERT, United States Manager Commercial Union Assurance Company group; member Subscribers' Actuarial Committee	I	495
Exhibit 109—Check of Commercial Union Assurance Company, dated May 2, 1935, issued to C. R. Street, Chairman, for $7,500.00	I	501
Exhibit 111—Page from Cash Book for May, 1935, Commercial Union Assurance Company	I	503
Exhibit 110—Check of Commercial Union Assurance Company, dated March 21, 1936, issued to C. R. Street, Agent, for $8,281.67	I	521
Exhibit 112—Ledger sheet entitled "National and Local Boards" Commercial Union Assurance Company, May 2, 1935	I	528

	Vol.	Page
Exhibit 113—Page 249 from Cash Book for month of March, 1936, Commercial Union Assurance Company	I	528
Exhibit 114—Ledger account entitled "Legal Expenses" Commercial Union Assurance Company	I	528
THOMAS C. MOORE, Vice President and Manager Potomac Insurance Company	I	529
Exhibit 115—Circular letter from Missouri Inspection Bureau to agents, dated June 12, 1935	I	530
Exhibit 116—Marked but not offered, covered by statement	I	530
Exhibit 117—Check Potomac Insurance Company, dated March 24, 1936, issued to C. R. Street, Agent, for $2,450.74	I	533
Exhibit 119—Requisition for check, Potomac Insurance Company, dated March 24, 1936, to C. R. Street, Agent, for $2,450.74	I	535
Exhibit 118—Photostatic copy of Memorandum from files of Potomac Insurance Company	I	538
RONALD R. MARTIN, United States Manager Atlas Insurance Company	II	1
Exhibit 120—Letter from Mr. Barry to Mr. Schoen, dated March 24, 1936	II	3
(Exhibit 120a see page XXVI.)		
FRED A. HUBBARD, former President Globe & Rutgers Fire Insurance Company, and President Hanover Fire Insurance Company	II	7
Exhibit 121—Check Hanover Fire Insurance Company, dated March 23, 1936, issued to R. J. Folonie, Agent, for $4,116.48	II	11
Exhibit 122—Letter from Vice President Hanover Fire Insurance Company to C. R. Street, Trustee, dated March 23, 1936	II	12
Exhibit 123—Letter from Mr. Coffill to Mr. Nelson, dated March 23, 1936	II	13
Exhibit 124—Letter from Mr. Nelson to Mr. Coffill, dated March 25, 1936	II	14
Exhibit 125—Sheet 313 of the Agency Remittances for month of March, 1936, for Hanover Fire Insurance Company	II	15
Exhibit 126—Sheet from Agency Remittances Hanover Fire Insurance Company for month of March, 1936	II	15
Exhibit 127—Sheet from Cash Book Hanover Fire Insurance Company for month of March, 1936	II	15

	Vol.	Page
Exhibit 128—Page from General Cash Book, Western Department, Hanover Fire Insurance Company, month of March, 1936	II	15
Exhibit 129—Page from General Cash Book, Western Department, Hanover Fire Insurance Company	II	15
Exhibit 130—Page from General Cash Book, Hanover Fire Insurance Company, March, 1936	II	15
(Exhibit 131—none marked with this number.)		
Exhibit 132—Page from General Cash Book, Western Department, Hanover Fire Insurance Company	II	15
Exhibit 133—Page from Ledger of Hanover Fire Insurance Company, entitled "Home Office"	II	15
Exhibit 134—Page from Ledger of Hanover Fire Insurance Company, entitled "Legal Expenses"	II	15
Exhibit 135—Monthly Report, Western Department, Hanover Fire Insurance Company, month of March, 1936	II	15
OSWALD TREGASKIS, United States Manager, Sun Insurance Office, and President Patriotic Insurance Company	II	16
Exhibit 136—Check requisition, Patriotic Insurance Company, to R. J. Folonie, Agent, dated March 23, 1936, for $249.31	II	19
Exhibit 137—Check of Patriotic Insurance Company, dated March 23, 1936, payable to R. J. Folonie, Agent, $249.31	II	22
Exhibit 138—Requisition for check, Sun Insurance Office, payable to R. J. Folonie, Agent, for $3,591.06, March 23, 1936	II	25
C. A. SIEDELL, Secretary Stuyvesant Insurance Company	II	28
Exhibit 139—Check Stuyvesant Insurance Company, dated March 23, 1936, payable to C. R. Street, for $1,171.41	II	31
FRANK M. SMALLEY, President, Glens Falls Insurance Company	II	37
Exhibit 140—Check of Glens Falls Insurance Company, dated March 20, 1936, issued to C. R. Street, Agent, for $2,877.38	II	42
Exhibit 141—Order for check to C. R. Street, Agent, dated March 20, 1936, for $2,877.38	II	46
Exhibit 142—Letter of Glens Falls Insurance Company to Mr. J. D. Erskine, dated March 20, 1936	II	53
H. F. WATERMAN, Secretary, Agricultural Insurance Company	II	54

	Vol.	Page
Exhibit 143—Check of Agricultural Insurance Company, dated March 21, 1936, to C. R. Street, Agent, for $2,049.89; also receipt of C. R. Street, Agent	II	56
Exhibit 145—Letter of Mr. Waterman to C. R. Street, dated March 21, 1936	II	59
Exhibit 144—Letter from C. R. Street to Mr. Waterman, dated March 23, 1936	II	61
JOHN KOENIG, Secretary, United States Branch, Royal Exchange Assurance Group	II	68
Exhibit 146—Letter of Charles R. Street to Royal Exchange Assurance, dated March 31, 1936	II	74
LAURENS R. BOWDEN, Vice President, Bankers & Shippers Insurance Company Group	II	75
Exhibit 147—Check Pacific Fire Insurance Company, dated March 24, 1936, to R. J. Folonie, Agent, for $1,602.17	II	79
Exhibit 148—Check Bankers & Shippers Insurance Company, dated March 24, 1936, to R. J. Folonie, Agent, for $2,060.97	II	80
Exhibit 149—Check of New Jersey Insurance Company, dated March 24, 1936, issued to R. J. Folonie, Agent, for $1,402.27	II	81
Exhibit 150—Requisition for check of Pacific Fire Insurance Company, dated March 24, 1936	II	83
Exhibit 151—Memorandum of receipt of New Jersey Insurance Company, dated March 25, 1936	II	84
Exhibit 152—Request for check of New Jersey Insurance Company, dated March 24, 1936	II	85
Exhibit 153—Journal page of Pacific Fire Insurance Company entitled "Missouri Impound Custodian"	II	87
HARRY HALPRIN, Assistant Branch Secretary of Royal Exchange Group	II	93
Exhibit 154—Check of Royal Exchange Assurance, dated March 23, 1936, to C. R. Street, for $6,385.31	II	94
Exhibit 155—Page from disbursement records of Royal Exchange Assurance, March 25, 1936	II	98
HERMAN L. WILKINS, former Secretary and Treasurer of Importers & Exporters Insurance Company	II	100
Exhibit 156—Check of Importers & Exporters Insurance Company, dated March 25, 1936, to C. R. Street, Agent, for $2,482.25	II	103
HARRY G. CASPER, United States Manager of Eagle Star and British Dominions Insurance Company	II	105

	Vol.	Page
Exhibit 157—Check Eagle Star & British Dominions Insurance Company, dated March 24, 1936, to C. R. Street, Agent, for $1,028.57	II	109
Exhibit 158—Voucher of Eagle Star & British Dominions Insurance Company, dated March 24, 1936	II	112
Exhibit 159—Page 252 from Cash Book of Eagle Star & British Dominions Insurance Company for month of March, 1936	II	114
JOHN R. BARRY, Vice President of Corroon & Reynolds	II	117
EVERETT W. NOURSE, United States Manager London Assurance Corporation Group	II	122
Exhibit 160—Check of London Assurance, dated March 23, 1936, to Charles R. Street, Agent, for $3,493.96	II	128
PAUL B. SOMMERS, President, American Insurance Company Group	II	131
Exhibit 161—Check requisition of American Insurance Company, dated March 21, 1936	II	136
Exhibit 162—Check American Insurance Company, dated March 21, 1936, to C. R. Street, for $9,719.03	II	138
Exhibit 163—Check requisition of Columbia Fire Insurance Company	II	143
THEODORE PLESSNER, President of Northern Insurance Company	II	145
Exhibit 164—Check of Northern Insurance Company, dated March 23, 1936, to C. R. Street, Agent, for $3,639.20	II	148
GEORGE S. ALLEN, Chief Accountant, Svea Fire & Life Insurance Company, and Secretary of Hudson Insurance Company	II	153
Exhibit 165—Check of Svea Fire & Life Insurance Company, dated April 2, 1936, to C. R. Street, Agent, for $647.91	II	159
Exhibit 166—Check of Hudson Insurance Company, dated April 2, 1936, to C. R. Street, Agent, for $615.66	II	160
HENRY J. WYATT, Vice President, Crum & Forster Group	II	162
Exhibit 167—Check of Crum & Forster, dated May 2, 1935, to Charles R. Street, Chairman, for $5,000.00	II	165
Exhibit 168—Memorandum showing distribution of $5,000.00 among companies of group	II	166

	Vol.	Page
Exhibit 169—Carbon copy of check and office voucher of Crum & Forster, dated May 2, 1935, to Charles R. Street, Chairman, for $5,000.00	II	168
Exhibit 170—Check of Crum & Forster, dated March 21, 1936, to C. R. Street, Agent, for $6,419.41; and memorandum prepared by Mr. Haid	II	170
Exhibit 171—Copy of check and office voucher of Crum & Forster, dated March 21, 1936, to C. R. Street, Agent, for $6,419.41	II	172
S. CLARENCE KLINE, Superintendent of Agencies, Tokio Marine & Fire Insurance Company	II	184
Exhibit 172—Check of Tokio Marine & Fire Insurance Company, dated March 25, 1936, to C. R. Street, Agent, for $1,792.86	II	189
FRANK B. MARTIN, formerly with Yorkshire Insurance Company group	II	190
Exhibit 173—Requisition of Yorkshire Insurance Company, dated March 24, 1936, to C. R. Street, Agent, for $2,455.62	II	194
Exhibit 174—Check of Yorkshire Insurance Company, Ltd., dated March 24, 1936, to C. R. Street, Agent, for $2,455.62	II	196
T. J. IRVINE, Manager and President of Phoenix Assurance, Ltd., group	II	200
Exhibit 175—Check of Phoenix Assurance Company, Ltd., of London, dated March 23, 1936, to C. R. Street, Agent, for $5,226.18	II	202
Exhibit 176—Memorandum showing proration of payment borne by each member of the group	II	202
Exhibit 177—Memorandum prepared by Mr. Irvine, March 23, 1936	II	204
Exhibit 178—Letter of Mr. Cunningham to Mr. Erskine, dated March 23, 1936	II	206
Exhibit 179—Page from Cash Book of Phoenix Assurance Company for month of March, 1936	II	208
Exhibit 180—Page from Cash Book of Phoenix Assurance Company opposite Exhibit 179	II	208
Exhibit 181—Sheet from General Ledger entitled "Account Missouri Impounded Premium Adj. Acc't"	II	209
R. V. A. BAKER, General Auditor of Tokio Marine & Fire Insurance Company	II	218
GUSTAVUS REMAK, JR., President Insurance Company of the State of Pennsylvania	II	220
JOHN J. P. RODGERS, Vice President and Treasurer of Insurance Company of the State of Pennsylvania	II	225

	Vol.	Page
Exhibit 182—Check of Insurance Company of the State of Pennsylvania, dated March 24, 1936, to C. R. Street, Agent, for $1,876.68	II	229
Exhibit 183—Page 177 of Cash Book of Insurance Company of the State of Pennsylvania	II	232
Exhibit 184—Letter of Hicks & Folonie to Mr. Rodgers, dated February 24, 1936	II	236
Exhibit 185—Circular letter of Insurance Executives Association, dated March 20, 1939	II	239
JOHN M. THOMAS, President National Union Fire Insurance Company	II	243
Exhibit 186—Check National Union Fire Insurance Company, dated March 23, 1936, issued to Charles R. Street, Agent, for $4,019.00	II	246
Exhibit 188—Letter of Mr. Street to Mr. Thomas, dated March 17, 1936	II	247
Exhibit 189—Letter of Mr. Thomas to Mr. Street, dated March 23, 1936	II	249
Exhibit 187—Check requisition of National Union Fire Insurance Company, dated March 20, 1936	II	259
WILLIAM C. DENT, Assistant Secretary, Potomac Insurance Company	II	264
SHELDON CATLIN, Vice President of Insurance Company of North America Group	II	271
Exhibit 190—Disbursement voucher of Insurance Company of North America, dated March 24, 1936	II	281
Exhibit 191—Check of Insurance Company of North America, dated March 24, 1936 to C. R. Street, Agent, for $8,903.39	II	283
(Exhibit 191a see page XXV.)		
(Exhibit 191b see page XXV.)		
(Exhibit 191c see page XXV.)		
Exhibit 192—Page from Cash Book of the Alliance Insurance Company, dated March, 1936	II	285
HART DARLINGTON, Manager of the New York Department of Norwich Union Society group	II	288
Exhibit 193—Check requisition of Norwich Union Fire Insurance Society, dated March 23, 1936	II	292
Exhibit 194—Check of Norwich Union Fire Insurance Society, dated March 23, 1936, to C. R. Street, Agent, for $2,201.37	II	293
Exhibit 195—Check requisition Eagle Fire Company of New York, dated March 23, 1936	II	294

	Vol.	Page
Exhibit 196—Check Eagle Fire Insurance Company, dated March 23, 1936, to C. R. Street, Agent, for $896.60	II	295
A. T. TAMBLYN, President Lincoln Fire Insurance Company (Chicago Fire & Marine and Presidential Fire & Marine)	II	299
Exhibit 197—Check of Lincoln Fire Insurance Company, dated April 15, 1936, to C. R. Street, Agent, for $694.52	II	301
LOUIS MOECKEL, Supervisor of the Statistical Department of Continental Insurance Company group	II	305
Exhibit 198—Memorandum prepared by Mr. Moeckel, dated December 18, 1935	II	307
Exhibit 199—Letter of Mr. Swan to Mr. Haid, dated March 23, 1936	II	316
Exhibit 200—Letter of Mr. Swan to Mr. Jones, dated March 21, 1936	II	318
Exhibit 201—Letter of Mr. Swan to Mr. Jones, dated March 30, 1936	II	324
Exhibit 202—Letter of Mr. Jones to Mr. Swan, dated April 1, 1936	II	325
W. H. EMES, Comptroller of Continental Insurance Company group	II	326
Exhibit 203—Letter from Mr. Jones to Mr. Culver, dated April 20, 1936	II	340
CECIL F. SHALLCROSS, United States Manager of North British & Mercantile Insurance Company group	II	342
F. W. MAASEN, Auditor of London Assurance Corporation group	II	343
J. D. ERSKINE, Secretary, Insurance Executives Association	II	347
Exhibit 204—Extract from Articles of Association of Insurance Executives Association, showing the purposes	II	360
Exhibit 205—List of companies in Federal Court cases, showing amounts impounded to May 1, 1935	II	362-364
Exhibit 206—List of companies arranged as to groups, showing 11% payment total impounded premiums and 5% of impounded premiums	II	366-370
PAUL L. HAID, President, Insurance Executives Association	II	373
Exhibit 207—List of Trustees of Insurance Executives Association in 1935	II	407
Exhibit 208—List of Trustees of Insurance Executives Association in 1936	II	407

	Vol.	Page
Exhibit 209—List of companies in Missouri Rate case in Federal Court not affiliated with Insurance Executives Association	II	408
ROBERT R. CLARK, United States Manager of Caledonian Insurance Company	II	415
Exhibit 210—Letter of Mr. Clark to Mr. George C. Long, dated May 3, 1935	II	421
Exhibit 214—Check of Caledonian Insurance Company, dated May 3, 1935, to Charles R. Street, Chairman, for $2,000.00	II	423
Exhibit 211—Carbon copy of letter from Chief Accountant Caledonian Insurance Company to Mr. Street, dated November 19, 1936	II	426
Exhibit 212—Letter of Mr. Street to Mr. Clark, dated November 23, 1936	II	428
Exhibit 213—Letter from Mr. Clark to Mr. Street, dated November 25, 1936	II	429
Exhibit 215—Check of Caledonian Insurance Company, dated November 25, 1936, to C. R. Street, for $495.50	II	431
Exhibit 216—Receipt of C. R. Street, Chairman, to Caledonian Insurance Company, for $495.50	II	433
Exhibit 217—Copy of telegram from Mr. Street to Mr. Long, dated May 16, 1935	II	441
R. M. BISSELL, President of Hartford Fire Insurance Company group	II	442
Exhibit 218—Check of Hartford Fire Insurance Company, dated May 3, 1935, to C. R. Street, Chairman, for $10,000.00	II	449
Exhibit 219—Letter of Mr. Bissell to A. G. Dugan, dated December 27, 1935	II	452
JOHN H. VREELAND, United States Manager of Scottish Union and National Insurance Company, and President of American Union	II	461
Exhibit 220—Check of Scottish Union and National Insurance Company, dated May 3, 1935, to R. J. Folonie, Attorney, for $4,000.00	II	468
Exhibit 221—Receipt of C. R. Street, Chairman, to Scottish Union & National Insurance Company, dated May 3, 1935	II	470
Exhibit 222—Check of American Union Insurance Company, dated March 27, 1936, to C. R. Street, Agent, for $1,257.42	II	472
Exhibit 223—Check of Scottish Union & National Insurance Company, dated March 27, 1936, to C. R. Street, Agent, for $414.50	II	474

	Vol.	Page
Exhibit 224—Letter to Scottish Union & National Insurance Company from Internal Revenue Agent, dated September 21, 1937	II	483
Exhibit 224a—Report of Internal Revenue Agent enclosed with Exhibit 224	II	484
(Exhibit 225 see page VI.)		
(Exhibit 225a see page VI.)		
(Exhibit 225b see page VI.)		
(Exhibit 225c see page VII.)		
FREDERICK M. DOMINICK, Assistant Secretary Boston Insurance Company group	II	490
Exhibit 226—Letter of Mr. Dominick to Mr. Hewett, dated March 21, 1936	II	494
Exhibit 228—Letter to Paul L. Haid from Mr. Dominick, dated March 21, 1936	II	499
(Exhibit 228a see page XXVI.)		
Exhibit 227—Receipt of C. R. Street to Old Colony Insurance Company, dated March 25, 1936	II	501
Exhibit 227a—Receipt of C. R. Street to Boston Insurance Company, dated March 25, 1936	II	502
I. LLOYD GREENE, Vice President of Boston Insurance Company group	II	503
Exhibit 229—Memoranda prepared by Mr. Greene, March 21, 1936	II	507
FREDERICK M. DOMINICK, recalled	II	510
Exhibit 230—Letter from Mr. Dominick to Mr. Street, dated June 4, 1936	II	510
Exhibit 231—Receipt from Mr. Street to Mr. Dominick, dated April 13, 1936, for $6,097.15	II	512
Exhibit 232—Letter from Mr. Street to Mr. Dominick, dated June 8, 1936	II	514
WILLIAM R. HEDGE, President of the Boston Insurance Company and of Old Colony Insurance Company	II	517
F. B. LUCE, Vice President of the Providence Washington Insurance Company	II	519
Exhibit 233—Check of Providence Washington Insurance Company, dated March 24, 1935, to C. R. Street, Agent, for $2,186.72	II	521
FRANK A. SCHLESINGER, Treasurer of Springfield Fire and Marine Insurance Company group	II	528
Exhibit 234—Certificate of Frederick B. Sweet in re George G. Bulkley, dated August 3, 1939	II	530

	Vol.	Page
Exhibit 235—Affidavit of George G. Bulkley, dated August 3, 1939	II	531
Exhibit 236—Letter from Treasurer to Paul L. Haid, dated March 23, 1936	II	539
Exhibit 237—Memorandum of March 24, 1936, showing 5% of impoundings Springfield Fire Group	II	540
Exhibit 238—Same as Exhibit 63	I	294-295
Exhibit 239—Check of Springfield Fire & Marine Insurance Company, dated March 23, 1936, to C. R. Street, Agent, for $15,821.52	II	541
Exhibit 240—Receipt from C. R. Street, Agent, to Mr. Bulkley, dated March 31, 1936	II	542
ROBERT C. WEIGEL, Secretary and Comptroller of the Rhode Island Insurance Company group	III	1
Exhibit 241—Check of Rhode Island Insurance Company to C. R. Street, Agent, dated March 26, 1935, for $2,938.42	III	4
Exhibit 242—Check of Merchants Insurance Company of Providence, dated March 31, 1936, to C. R. Street, Agent, for $1,010.90	III	5
Exhibit 243—Requisition for check for $2,938.42, payable to C. R. Street, Agent, March, 1936	III	6
Exhibit 244—Letter from Mr. Weigel to Mr. Street, dated March 26, 1936	III	7
Exhibit 245—Letter from Mr. Weigel to Mr. Street, dated March 26, 1936	III	8
Exhibit 246—Letter from Mr. Street to Mr. Weigel, dated March 28, 1936	III	9
Exhibit 247—Letter from Collection Manager to Mr. Street, dated March 31, 1936	III	10
JOHN R. COONEY, President of the Firemen's Insurance Company group	III	14
GILBERT KINGAN, Eastern Manager of London and Lancashire Insurance Company and Chief Executive of affiliated companies	III	18
Exhibit 248—Letter from J. P. Rodgers to Paul L. Haid, dated August 4, 1939	III	21
Exhibit 249—Letter from J. P. Rodgers to Paul L. Haid, dated August 4, 1939	III	22
Exhibit 250—Letter from Mr. Rodgers to Subscribers' Actuarial Committee, dated February 18, 1936	III	23
Exhibit 251—Memorandum of March 24, 1936, The Insurance Company of the State of Pennsylvania	III	24
Exhibit 252—Letter from Mr. Rodgers to Subscribers Actuarial Committee, dated February 19, 1936	III	25

	Vol.	Page
ESMOND EWING, Vice President and Secretary of The Travelers Fire Insurance Company	III	26
CLYDE P. SMITH, Secretary of the Hartford Fire Insurance Company	III	30
Exhibit 253—Check of Hartford Fire Insurance Company, dated March 24, 1936, payable to C. R. Street, Agent, for $25,285.99	III	42
ROBERT D. SAFFORD, Vice President and Assistant Secretary of The Travelers Fire Insurance Company	III	43
Exhibit 254—Check of The Travelers Fire Insurance Company, dated May 3, 1935, for $2,000.00, to Charles R. Street, Chairman	III	49
(Exhibit 254a see page XXVI.)		
Exhibit 255—Memorandum from Robert D. Safford to Auditor Flynn, dated May 27, 1935	III	53
Exhibit 256—Memorandum from Mr. Safford to Mr. Flynn, dated February 26, 1936	III	56
Exhibit 257—Memorandum from Mr. Safford to Mr. Flynn, dated March 25, 1936	III	59
Exhibit 258—Memoranda, dated March 24, 1936, for Ewing	III	62, 63
Exhibit 259—Letter fron. Ewing to Mr. Erskine, dated March 25, 1936	III	65
Exhibit 260—Letter from Safford to George C. Long, dated May 3, 1935	III	70
Exhibit 261—Memorandum prepared by Alfred Stinson, dated May 4, 1935	III	74
FRANK D. LAYTON, President of the National Fire Insurance Company group	III	75
GEORGE C. LONG, JR., President of the Phoenix Insurance Company group	III	84
Exhibit 262—Letter from Mr. Bissell to Mr. Long, dated May 3, 1935	III	90
Exhibit 263—Letter from Mr. Safford to Mr. Long, dated May 3, 1935	III	91
Exhibit 264—Letter from Mr. Clark, Manager, to Mr. Long, dated May 3, 1935	III	92
Exhibit 265—Letter from Alfred Stinson to Mr. Long, dated May 4, 1935	III	93
Exhibit 266—Letter from Mr. Long to Mr. Street, dated May 4, 1935	III	95
Exhibit 267—Photostatic copy of telegram from Mr. Street to Mr. Long, dated May 16, 1935	III	98
Exhibit 269—Photostatic copy of telegram from C. R. Street to George C. Long, dated May 16, 1935	III	99

	Vol.	Page
Exhibit 268—Photostatic copy of telegram from H. P. Whitman to C. R. Street, dated May 16, 1935	III	101
Exhibit 270—Copy of letter from Ross McCain to Mr. Street, dated May 16, 1935	III	103
Exhibit 271—Photostatic copy of telegram from Mr. Long to Mr. Street, dated May 16, 1935	III	104
JOHN F. GILLIAMS, Vice President of the Camden Fire Insurance Company	III	110
Exhibit 272—Requisition of Camden Fire Insurance Company, dated March 23, 1936, to C. R. Street, Agent, for $2,301.59	III	113
Exhibit 273—Check of Camden Fire Insurance Company, dated March 23, 1936, to C. R. Street, Agent, for $2,301.59	III	114
J. D. SMART, President of the New Hampshire Fire Insurance Company group	III	115
Exhibit 274—Check of New Hampshire Fire Insurance Company to C. R. Street, Agent, for $4,652.18, dated March 21, 1936	III	121
Exhibit 275—Memo of telephone conversation from Paul Haid to J. D. Smart, dated March 21, 1936	III	122
Exhibit 276—Letter from Mr. Swallow to Mr. Haid, dated March 21, 1936	III	123
GEORGE W. SWALLOW, Secretary-Treasurer of the New Hampshire Fire and Secretary of the Granite State	III	126
HENRY P. WHITMAN, Vice President of the Phoenix Insurance Company group	III	127
JOSEPH K. HOOKER, Vice President of the Automobile Insurance Company group	III	130
Exhibit 277—Certificate of Dr. G. Gardiner Russell, in re Alfred Stinson, dated August 4, 1939	III	133
Exhibit 278—Check of Automobile Insurance Company for $3,158.48 to C. R. Street, Agent, dated March 24, 1936	III	137
Exhibit 278a—Check of Automobile Insurance Company for $3,500.00 to C. R. Street, Agent, dated May 4, 1935	III	138
Exhibit 278b—Endorsement on check, Exhibit 278	III	137
Exhibit 278c—Endorsement on check, Exhibit 278a	III	138
Exhibit 279—Check requisition of Automobile Insurance Company of Hartford, to C. R. Street, Chairman, dated May 4, 1935, for $3,500.00	III	139

	Vol.	Page
Exhibit 280—Check requisition of Automobile Insurance Company, to C. R. Street, Agent, dated March 24, 1936, for $3,158.48	III	140
Exhibit 281—Voucher No. 42 for check payable to C. R. Street, Chairman, for $3,500.00, dated May 4, 1935, by Automobile Insurance Company of Hartford; also Voucher No. 221 for check payable to C. R. Street, Agent, for $3,158.48, dated March 24, 1936, Automobile Insurance Company of Hartford	III	141-142
Exhibit 282—Letter of transmittal from Alfred Stinson to George C. Long, dated May 4, 1935	III	143
Exhibit 283—Memorandum re Total Impounded premiums of Aetna Insurance Company Group to May 1, 1935	III	144
Exhibit 284—Inter-office Communication dated March 24, 1936, from Mr. Hooker to Alfred Stinson	III	145
Exhibit 285—Copy of letter from Mr. Hooker to Mr. Haid, dated March 24, 1936	III	146
Exhibit 286—Letter from Mr. Linde to Mr. Roche, dated July 15, 1938	III	147-148
Exhibit 287—Sheet No. 39 from Journal of Automobile Insurance Company, for month of May, 1935	III	149
Exhibit 288—Sheet No. 46 from Journal of Automobile Insurance Company, for month of May, 1935	III	149
Exhibit 289—Sheet entitled "Legal Expense" Account No. 97, for year 1935, Automobile Insurance Company	III	149
Exhibit 290—Sheet No. 23 from Journal of Automobile Insurance Company, month of March, 1936	III	149
Exhibit 291—Sheet No. 27 from Journal of Automobile Insurance Company, month of March, 1936	III	149
Exhibit 292—Sheet entitled "Legal Expense" Account No. 100, year 1936, Automobile Insurance Company	III	149
WILLIAM H. TALCOTT, Auditor of Scottish Union and National Insurance Company	III	152
ROBERT J. FOLONIE, of the firm of Hicks & Folonie, Attorneys for the Insurance Companies	III	156
Exhibit 293—Page No. 14 from Cash Receipts book of firm of Hicks and Folonie, entitled "Cash Receipts," dated May, 1935	III	169
Exhibit 294—Page No. 14 from Cash Disbursements book of firm of Hicks and Folonie, entitled "Cash Disbursements," dated May, 1935	III	169

	Vol.	Page
Exhibit 296—Statement from C. R. Street to income tax representatives	III	179
Exhibit 295—Check of Phoenix Insurance Company, payable to R. J. Folonie, Attorney, for $6,500.00, dated May 4, 1935	III	181
Exhibit 297—Check of Pacific Fire Insurance Company, dated March 24, 1936, payable to R. J. Folonie, Agent, for $1,602.17	III	200
Exhibit 298—Check of Bankers & Shippers Insurance Company, dated March 24, 1936, payable to R. J. Folonie, Agent, for $2,060.97	III	201
Exhibit 299—Check of New Jersey Insurance Company, dated March 24, 1936, payable to R. J. Folonie, Agent, for $1,402.27	III	202
Exhibit 300—Check of Sun Insurance Office, dated March 23, 1936, payable to R. J. Folonie, Agent, for $3,691.06	III	203
Exhibit 301—Letter from C. R. Street to Mr. Folonie, dated December 28, 1937	III	218
A. L. McCORMACK, in the insurance business	III	228
RAY B. DUBOC, President of The Western Fire Insurance Company	III	255
Exhibit 302—Check of The Western Fire Insurance Company, dated April, 1936, payable to C. R. Street, Agent, for $1,693.63	III	258
Exhibit 303—Letter from C. R. Street to Mr. Duboc, dated March 30, 1936	III	259
Exhibit 304—Statements from Missouri Inspection Bureau to Western Fire Insurance Company for assessments for the years 1929-1930	III	265-272
Exhibit 305—Statements of assessment of Missouri Inspection Bureau to Western Fire Insurance Company dated January 2, 1934, October 1, 1933, July 1, 1933, May 1, 1933, April 1, 1933, and Premium Report to Missouri Inspection Bureau dated March 21, 1933	III	274-280
Exhibit 306—Letter dated September 2, 1931, from Missouri Inspection Bureau to Western Insurance Company	III	281-282
RUSSELL D. HOBBS, Recalled	III	284
Exhibit 307—Copy of letter from Hicks & Folonie, dated March 12, 1935, to C. R. Street, Chairman	III	294
G. N. GARDNER, Vice President of the Merchants Fire Insurance Company of Denver	III	297

	Vol.	Page
Exhibit 308—Check of Merchants Fire Insurance Company, dated April 8, 1936, to C. R. Street, Agent, for $669.40	III	300
Exhibit 309—Remittance Advice, dated April 8, 1936, to C. R. Street, Agent, for $669.40	III	301
Exhibit 310—Copy of letter from Mr. Gardner to Mr. Street, dated April 1, 1936	III	302
Exhibit 311—Copy of letter from C. R. Street to Mr. Jessup, dated April 4, 1936	III	303
Exhibit 312—Copy of letter from Mr. Street to Mr. Gardner, dated April 4, 1936	III	304
Exhibit 313—Copy of letter from Mr. Jessup to Mr. Gardner, dated April 6, 1936	III	305
Exhibit 314—Copy of letter from Mr. Gardner to Mr. Jessup, dated April 8, 1936	III	306
Exhibit 315—Copy of letter from Mr. Jessup to Mr. Gardner, dated April 9, 1936	III	307
Exhibit 316—Copy of letter from C. R. Street to A. L. Jessup, dated March 30, 1936	III	308
Exhibit 317—Copy of letter from Mr. Jessup to Mr. Street, dated April 2, 1936	III	308
Exhibit 318—Copy of letter from Mr. Jessup to Morrison, Nugent, Berger, Byers & Johns, dated August 26, 1939	III	309
Exhibit 319—Copy of letter from Mr. Jessup to Morrison, Nugent, Berger, Byers & Johns, dated September 1, 1939	III	317
J. L. PARSONS, President of Crum & Forster	III	317
Exhibit 320—List of plaintiff companies showing number of each case and group affiliations	III	327-331
W. R. McCAIN, President of the Aetna Insurance Company group	III	331
Exhibit 321—Check of Aetna Insurance Company, payable to Charles R. Street, Chairman, for $5,000.00, May 3, 1935	III	342
Exhibit 322—Check of Aetna Insurance Company, dated March 23, 1936, to C. R. Street, Agent, for $6,991.95	III	343
Exhibit 323—Memorandum prepared by G. H. Grant, Sec.	III	350
HAROLD WARNER, President of the Royal Insurance Company group	III	351
Exhibit 324—Memorandum for Journal Entry, dated June, 1935, Royal Insurance Company	III	356

	Vol.	Page
Exhibit 325—Check of Royal Insurance Company, Ltd., dated March 23, 1936, to C. R. Street, Agent, for $12,200.40	III	365
PAUL W. TERRY, Manager of the Missouri Inspection Bureau	III	372
HOMER H. BERGER, Attorney for the Insurance Companies	III	391
BERNARD M. CULVER, President of the Continental Insurance Company group	III	397
Exhibit 326—Check requisition of Continental Insurance Company, dated May 2, 1935, for check to Chas. R. Street, Chairman, for $15,000.00	III	404
Exhibit 327—Check of The Continental Insurance Company, dated March 21, 1936, to C. R. Street, Agent, for $22,323.12	III	410
Exhibit 328—Check requisition of The Continental Insurance Company of New York, dated March 21, 1936, to order of C. R. Street, Agent, for $22,323.12	III	412
EDWARD WEST ELWELL, President of the Royal Exchange Assurance group	III	415
Exhibit 31a—Check of Fire Association of Philadelphia, dated April 29, 1936, to C. R. Street, for $2,929.90	III	423
Exhibit 31b—Check of Lumbermen's Insurance Company, dated April 29, 1936, to C. R. Street, for $1,221.22	III	424
Exhibit 31c—Check of The Reliance Insurance Company, dated April 29, 1936, to C. R. Street, for $794.78	III	425
Exhibit 31d—Check of The Reliance Insurance Company, dated April 29, 1936, to C. R. Street, for $479.69	III	426
Exhibit 191a—Check of The Alliance Insurance Company of Philadelphia, dated March 24, 1936, to C. R. Street, Agent, for $1,077.43	III	427
Exhibit 191b—Check of National Security Fire Insurance Company, dated March 24, 1936, to C. R. Street, Agent, for $552.19	III	428
Exhibit 191c—Check of Philadelphia Fire & Marine Insurance Company, dated March 24, 1936, to C. R. Street, Agent, for $2,553.21	III	429
Exhibit 41a—Check of Mercury Insurance Company, dated March 31, 1936, to C. R. Street, Agent, for $1,330.35	III	430

	Vol.	Page
Exhibit 41b—Check of St. Paul Fire & Marine Insurance Company, dated March 31, 1936, to C. R. Street, Agent, for $4,121.75	III	431
Exhibit 254a—Check of The Travelers Fire Insurance Company, dated March 25, 1936, to C. R. Street, Agent, for $6,738.21	III	432
Exhibit 120a—Check of Atlas Assurance Company, Ltd., dated March 23, 1936, to C. R. Street, Agent, for $2,159.17	III	433
Exhibit 95a—Check of National Liberty Insurance Company of America, Special Account #3, to C. R. Street, Agent, dated March 23, 1936, for $4,260.39	III	434
Exhibit 228a—Check of Boston Insurance Company, dated March 21, 1936, to C. R. Street, Agent, for $6,097.15	III	435
Exhibit 28a—Check of Fire Association of Philadelphia, dated March 18, 1936, to C. R. Street, for $1,712.82	III	436
Exhibit 329—Copy of report of Robert J. Folonie, Surviving Trustee, and Ernest A. Henne, Successor Trustee, dated February 24, 1939	III	437-472
Exhibit 330—Certified copy of Final Judgment of Aetna vs. O'Malley, December 7, 1935	III	474-511
Exhibit 331—Copy of Certificate of Satisfaction of Judgment on January 16, 1936	III	511-512
Exhibit 332—Final Judgment in O'Malley vs. Patriotic Ins. Co., December 7, 1935	III	513-515
Exhibit 333—List of plaintiffs not parties to motion for restitution in Aetna vs. Hyde and not parties to the judgment of restitution	III	515-516
Exhibit 334—List of companies that were parties plaintiff in Aetna vs. Hyde, but were not parties plaintiff in any of the Federal Court cases	III	516-517
JOHN J. CAMPBELL, with the Custodian of Impounded Funds	III	519
Exhibit 335—Statement of various accounts taken from Custodian's record as of June 30, 1929—amounts as to each company of the total impounded distribution to the companies, distribution to the trustees, balance on hand, and amounts returned to Custodian by each company	III	523-531
CERTIFICATE OF REPORTER, dated September 12, 1939	III	535
Stipulation as to checks of [illegible] Fire Insurance Company and Phoenix Insurance Company	III	536

INDEX II

Alphabetical Index of Witnesses

	Vol.	Page
ALLEN, GEORGE S., Chief Accountant, Svea Fire & Life Insurance Company, and Secretary of Hudson Insurance Company	II	153
BAKER, R. V. A., General Auditor of Tokio Marine & Fire Insurance Company	II	218
BARBOUR, ROBERT P., United States Manager of Northern Assurance Company and London and Scottish Assurance Corporation	I	337
BARRY, JOHN R., Vice President of Corroon & Reynolds	II	117
BELL, GEORGE H., Manager, Western Department, National Fire Insurance Company and affiliated companies; member Subscribers Actuarial Committee	I	136
BERGER, HOMER H., Attorney for the Insurance Companies	II	391
BISSELL, R. M., President of Hartford Fire Insurance Company group	II	442
BOWDEN, LAURENS R., Vice President, Bankers & Shippers Insurance Company Group	II	75
BRADY, WALTER F., Vice President and Secretary of Merchants Fire Assurance Corporation	I	371
BREEN, F. J., President Standard Fire Insurance Company of New Jersey	I	383
BUCK, S. M., former Western Manager of Firemen's Fund Insurance Company Group; member Subscribers Actuarial Committee	I	231
CAMPBELL, JOHN J., with the Custodian of Impounded Funds	III	519
CARTLIDGE, HAROLD T., Deputy United States Manager Royal Insurance Company and affiliated companies	I	462
CASHEL, JOHN R., Assistant Manager, Providence Washington Insurance Company	I	315
CASPER, HARRY G., United States Manager of Eagle Star & British Dominions Insurance Company	II	105
CATLIN, SHELDON, Vice President of Insurance Company of North America group	II	271
CLARK, HERBERT A., Vice President, Firemen's Fund Insurance Company Group; member of Subscribers Actuarial Committee	I	249

	Vol.	Page
CLARK, ROBERT R., Manager of Caledonian Insurance Company	II	415
CLAUSSEN, CARSTEN, Manager Western Department, London & Lancashire Insurance Company Group	I	317
COONEY, JOHN R., President of the Firemen's Insurance Company Group	III	14
CULVER, BERNARD M., President of the Continental Insurance Company Group	III	397
DARLINGTON, HART, Manager of the New York Department of Norwich Union Society Group	II	288
DENT, WILLIAM C., Assistant Secretary, Potomac Insurance Company	II	264
DOMINICK, FREDERICK M., Assistant Secretary of Boston Insurance Company Group	II	490, 510
DOSDALL, C. A., Secretary, St. Paul Fire & Marine Insurance Company, and Mercury Insurance Company	I	168
DUBOC, RAY B., President of The Western Fire Insurance Company	III	255
ELWELL, EDWARD WEST, President of the Royal Exchange Assurance Group	III	415
EMES, W. H., Comptroller of Continental Insurance Company Group	II	326
ERSKINE, J. D., Secretary, Insurance Executives Association	II	347
EWING, ESMOND, Vice President and Secretary of The Travelers Fire Insurance Company	III	26
FOLONIE, ROBERT J., of the firm of Hicks & Folonie, Attorneys for the Insurance Companies	III	156
GARDNER, G. N., Vice President of the Merchants Fire Insurance Company of Denver	III	297
GILLIAMS, JOHN F., Vice President of the Camden Fire Insurance Company	III	110
GREENE, I. LLOYD, Vice President of Boston Insurance Company Group	II	503
HAID, PAUL L., President, Insurance Executives Association	II	373
HALPRIN, HARRY, Assistant Branch Secretary of Royal Exchange Group	II	93
HARDING, JOHN C., Vice President, Springfield Fire & Marine Insurance Company Group; member of Subscribers Actuarial Committee	I	279
HEDGE, WILLIAM R., President of Boston Insurance Company and Old Colony Insurance Company	II	517

	Vol.	Page
HENNE, ERNEST A., Chairman, Subscribers Actuarial Committee, and Vice President Continental Insurance Company Group	I	20
HOBART, BERNARD E., Auditor, Springfield Fire & Marine Insurance Company Group	I	300
HOBBS, RUSSELL D., Secretary, Subscribers Actuarial Committee	I	3, 97
	III	284
HOOKER, JOSEPH K., Vice President of the Automobile Insurance Company Group	III	130
HUBBARD, FRED A., former President of Globe & Rutgers Fire Insurance Company, and President Hanover Fire Insurance Company	II	7
IRVINE, T. J., Manager and President of Phoenix Assurance, Ltd., Group	II	200
KINGAN, GILBERT, Eastern Manager [redacted] London and Lancashire Insurance Company and Chief Executive of affiliated companies	III	18
KLINE, S. CLARENCE, Superintendent of Agencies, Tokio Marine & Fire Insurance Company	II	184
KOECKERT, F. W., United States Manager Commercial Union Assurance Company Group; member Subscribers Actuarial Committee	I	495
KOENIG, JOHN, Secretary, United States Branch, Royal Exchange Assurance Group	II	68
KOOP, WILLIAM H., President Great American Insurance Company Group	I	393
KURTH, WILFRED, Chairman of the Board of Home Insurance Company and affiliated companies	I	422
LANE. O. E., President, Fire Association of Philadelphia Group	I	363
LAYTON, FRANK D., President of the National Fire Insurance Company Group	III	75
LERCH, W. L., Manager of the Underwriters Grain Association	I	305
LONG, JR., GEORGE C., President of the Phoenix Insurance Company Group	III	84
LUCE, F. B., Vice President of the Providence Washington Insurance Company	II	519
MAASEN, F. W., Auditor of London Assurance Corporation Group	II	343
MARTIN, FRANK B., formerly with Yorkshire Insurance Company Group	II	190

	Vol.	Page
MARTIN, RONALD R., United States Manager Atlas Insurance Company	II	1
McCAIN, W. R., President of the Aetna Insurance Company Group	III	331
McCORMACK, A. L., in the insurance business	III	228
McKOWN, J. C., Secretary, St. Paul Fire & Marine Insurance Company and Mercury Insurance Company	I	165, 204
MOECKEL, LOUIS, Supervisor of the Statistical Department of Continental Insurance Company Group	II	305
MOORÉ, THOMAS C., Vice President and Manager Potomac Insurance Company	I	529
NOURSE, EVERETT W., United States Manager London Assurance Corporation Group	II	122
PARSONS, J. L., President of Crum & Forster	III	317
PLESSNER, THEODORE, President of Northern Insurance Company	II	145
POWRIE, A. F., Manager, Western Department, Fire Association of Philadelphia Group	I	109
REEKIE CHARLES A., Vice President and Secretary, Detroit Fire & Marine Insurance Company	I	212
REILLY, W. R., Assistant Secretary, Dubuque Fire & Marine Insurance Company	I	228
REMAK, GUSTAVUS, JR., President, Insurance Company of the State of Pennsylvania	II	220
RODGERS, JOHN J. P., Vice President and Treasurer of Insurance Company of the State of Pennsylvania	II	225
	III	21-25
SAFFORD, ROBERT D., Vice President and Assistant Secretary of The Travelers Fire Insurance Company	III	43
SCHLESINGER, FRANK A., Treasurer of Springfield Fire and Marine Insurance Company Group	II	528
SHALLCROSS, CECIL F., United States Manager of North British & Mercantile Insurance Company Group	II	342
SIEDELL, C. A., Secretary, Stuyvesant Insurance Company	II	28
SMALLEY, FRANK M., President, Glens Falls Insurance Company	II	31
SMART, J. D., President of the New Hampshire Fire Insurance Company Group	III	115
SMITH, CHARLES H., Assistant General Agent Hartford Fire Insurance Company and Citizens Insurance Company; member of Subscribers Actuarial Committee	I	334
SMITH, CLYDE P., Secretary of the Hartford Fire Insurance Company	III	30

	Vol.	Page
SOMMERS, PAUL B., President, American Insurance Company Group	II	131
SWALLOW, GEORGE W., Secretary-Treasurer of the New Hampshire Fire, and Secretary of the Granite State Fire Insurance Company	III	126
TALCOTT, WILLIAM H., Auditor of Scottish Union and National Insurance Company	III	152
TAMBLYN, A. T., President of Lincoln Fire Insurance Company (Chicago Fire & Marine and Presidential Fire & Marine)	II	299
TERRY, PAUL W., Manager of the Missouri Inspection Bureau	III	372
THOMAS, JOHN M., President of National Union Fire Insurance Company	II	243
TREGASKIS, OSWALD, United States Manager of Sun Insurance Office, and President Patriotic Insurance Company	II	16
VAN HORNE, JOHN R., Secretary, Globe & Rutgers Insurance Company	I	453
VREELAND, JOHN H., United States Manager of Scottish Union and National Insurance Company, and President of American Union Insurance Company	II	461
WALDRON, RAYMOND, Vice President of Detroit Fire & Marine Insurance Company	I	206
WARNER, HAROLD, President of the Royal Insurance Company Group	III	351
WATERMAN, H. F., Secretary, Agricultural Insurance Company	II	54
WEIGEL, ROBERT C., Secretary and Comptroller of the Rhode Island Insurance Company Group	III	1
WEISER, S. F., Secretary, Dubuque Fire and Marine Insurance Company and National Reserve Insurance Company	I	213
WHITMAN, HENRY P., Vice President of the Phoenix Insurance Company Group	III	127
WILKINS, HERMAN L., former Secretary and Treasurer of Importers & Exporters Insurance Company	II	100
WILLIAMS, WALTER D., former President of Security Insurance Company, and East and West Insurance Company; member of Subscribers Actuarial Committee	I	70
WYATT, HENRY J., Vice President of Crum & Forster Group	II	162

INDEX III

(Alphabetical Index of Plaintiff Insurance Companies.)

	Name of Witness	Vol.	Page
American Insurance Company	Paul B. Sommers	II	131
Agricultural Insurance Company	H. F. Waterman	II	54
Aetna Insurance Company	W. R. McCain	III	331
The Alliance Insurance Company	Sheldon Catlin	II	271
		III	427
American Alliance Insurance Company	William H. Koop	I	393
American Central Insurance Company	F. W. Koeckert	I	495
American Eagle Fire Insurance Company	E. A. Henne	I	20
	Louis Moeckel	II	305
	W. K. Emes	II	326
	B. M. Culver	III	397
American Union Insurance Company of New York	J. H. Vreeland	II	461
	William H. Talcott	III	152
Atlas Assurance Company, Ltd.	Ronald R. Martin	II	1
		III	433
Automobile Insurance Company of Hartford, Connecticut	Joseph K. Hooker	III	130
Bankers & Shippers Insurance Company	Laurens R. Bowden	II	75
Boston Insurance Company	F. M. Dominick	II	490, 510
	I. Lloyd Greene	II	503
	William R. Hedges	II	517
		III	435
British America Assurance Company	Henry J. Wyatt	II	162
	J. L. Parsons	III	317
Caledonian Insurance Company	Robert R. Clark	II	415
California Insurance Company	F. W. Koeckert	I	495
Camden Fire Insurance Association	John F. Gilliams	III	110
Central States Fire Insurance Company	George C. Long, Jr.	III	84
	Henry P. Whitman	III	127
Chicago Fire and Marine Insurance Company	A. T. Tamblyn	II	299
Citizens Insurance Company	Charles H. Smith	I	334
	R. M. Bissell	II	442
	Clyde P. Smith	III	30
City of New York Insurance Company	Wilfred Kurth	I	422
Columbia Insurance Company (New Jersey)	T. J. Irvine	II	200
Columbia Fire Insurance Company	Paul B. Sommers	II	131

	Name of Witness	Vol.	Page
Commerce Insurance Company	Frank M. Smalley	II	37
Commercial Union Assurance Company, Ltd.	F. W. Koeckert	I	495
Commercial Union Fire Insurance Company	F. W. Koeckert	I	495
Concordia Fire Insurance Company of Milwaukee	Herbert A. Clark	I	249
	John R. Cooney	III	14
Connecticut Fire Insurance Company	George C. Long, Jr.	III	84
	Henry P. Whitman	III	127
Continental Insurance Company	E. A. Henne	I	20
	Louis Moeckel	II	305
	W. H. Emes	II	326
	B. M. Culver	III	397
County Fire Insurance Company of Philadelphia	William H. Koop	I	393
Detroit Fire and Marine Insurance Company	Raymond Waldron	I	206
	Charles A. Reekie	I	212
	William H. Koop	I	393
Dubuque Fire and Marine Insurance Company	S. F. Weiser	I	213
	W. R. Reilly	I	228
The Eagle Fire Company of New York	Hart Darlington	II	288
Eagle Star and British Dominions Insurance Company	Harry G. Casper	II	105
East and West Insurance Company	Walter D. Williams	I	70
Equitable Fire and Marine Insurance Company	George C. Long, Jr.	III	84
	Henry P. Whitman	III	127
Federal Union Insurance Company	Harold T. Cartlidge	I	462
	Harold Warner	III	351
Fidelity Phenix Fire Insurance Company	E. A. Henne	I	20
	Louis Moeckel	II	305
	W. H. Emes	II	326
	B. M. Culver	III	397
Fire Association of Philadelphia	A. F. Powrie	I	109
	O. E. Lane	I	363
		III	423, 436
Fireman's Fund Insurance Company	S. M. Buck	I	231
Firemen's Insurance Company	Herbert A. Clark	I	249
	John R. Cooney	III	14
First American Fire Insurance Company	E. A. Henne	I	20
	Louis Moeckel	II	305
	W. H. Emes	II	326
	B. M. Culver	III	397
Franklin Fire Insurance Company of Philadelphia	Wilfred Kurth	I	422
Franklin National Insurance Company	George H. Bell	I	136
	Frank D. Layton	III	75

	Name of Witness	Vol.	Page
Girard Fire and Marine Insurance Company	Herbert A. Clark	I	249
	John R. Cooney	III	14
Glens Falls Insurance Company	Frank M. Smalley	II	37
Globe and Rutgers Fire Insurance Company	John R. Van Horne	I	453
	Fred A. Hubbard	II	7
Granite State Fire Insurance Company	J. D. Smart	III	115
	George W. Swallow	III	126
Great American Insurance Company	William H. Koop	I	393
Guaranty Fire Insurance Company of Providence	Robert C. Weigel	III	1
Hanover Fire Insurance Company	Fred A. Hubbard	II	7
Hartford Fire Insurance Company	Charles H. Smith	I	334
	R. M. Bissell	II	442
	Clyde P. Smith	III	30
Home Fire & Marine Insurance Company	S. M. Buck	I	231
Home Insurance Company	Wilfred Kurth	I	422
Hudson Insurance Company	George S. Allen	II	153
Imperial Assurance Company	T. J. Irvine	II	200
Importers and Exporters Insurance Company	Herman L. Wilkins	II	100
	John R. Barry	II	117
Insurance Company of North America	Sheldon Catlin	II	271
Insurance Company of the State of Pennsylvania	Gustavus Remak, Jr.	II	220
	John J. P. Rodgers	II	225
		III	21-25
Law Union and Rock Insurance Company, Ltd.	Carsten Claussen	I	317
	Gilbert Kingan	III	18
Liverpool and London and Globe Insurance Company, Ltd.	Harold T. Cartlidge	I	462
	Harold Warner	III	351
London Assurance Corporation	Everett W. Nourse	II	122
	F. A. Maasen	II	343
London and Lancashire Insurance Company, Ltd.	Carsten Claussen	I	317
	Gilbert Kingan	III	18
London and Provincial Marine and General Insurance Company, Ltd.	Frank B. Martin	I	190
London and Scottish Assurance Corporation, Ltd.	Robert P. Barbour	I	337
Lumbermen's Insurance Company	A. F. Powrie	I	109
	O. E. Lane	I	363
		III	424
Manhattan Fire and Marine Insurance Company	Everett W. Nourse	II	122
	F. A. Maasen	II	343
Massachusetts Fire and Marine Insurance Company	William H. Koop	I	393
Mechanics Insurance Company of Philadelphia	Herbert A. Clark	I	249
	John R. Cooney	III	14

	Name of Witness	Vol.	Page
Mechanics and Traders Insurance Company	George H. Bell	I	136
	Frank D. Layton	III	75
Merchants Insurance Company	Robert C. Weigel	III	1
Merchants Fire Assurance Corporation of New York	Walter F. Brady	I	371
Merchants Fire Insurance Company	G. N. Gardner	III	297
Mercury Insurance Company	J. C. McKown	I	165, 204
	C. A. Dosdall	I	168
		III	430
Michigan Fire and Marine Insurance Company	John C. Harding	I	279
	Bernard E. Hobart	I	300
	F. A. Schlesinger	II	528
Milwaukee Mechanics Insurance Company	Herbert A. Clark	I	249
	John R. Cooney	III	14
Minneapolis Fire and Marine Insurance Company	George C. Long, Jr.	III	84
	Henry P. Whitman	III	127
National Ben Franklin Fire Insurance Company	Herbert A. Clark	I	249
	John R. Cooney	III	14
National Fire Insurance Company of Hartford	George H. Bell	I	136
	Frank D. Layton	III	75
National Liberty Insurance Company of America	Wilfred Kurth	I	422
		III	434
National Reserve Insurance Company	S. F. Weiser	I	213
	W. R. Reilly	I	228
National Security Fire Insurance Company	Sheldon Catlin	II	271
		III	428
National Union Fire Insurance Company	John M. Thomas	II	243
Newark Fire Insurance Company	Harold T. Cartlidge	I	462
	Harold Warner	III	351
New England Fire Insurance Company	John C. Harding	I	279
	Bernard E. Hobart	I	300
	F. A. Schlesinger	II	528
New Hampshire Fire Insurance Company	J. D. Smart	III	115
	George W. Swallow	III	126
New Jersey Insurance Company	Laurens R. Bowden	II	75
New York Underwriters Insurance Company	R. M. Bissell	II	442
	Clyde P. Smith	III	30
Niagara Fire Insurance Company	E. A. Henne	I	20
	Louis Moeckel	II	305
	W. H. Emes	II	328
	B. M. Culver	III	397
Northern Assurance Company, Ltd.	Robert P. Barbour	I	337
Northern Insurance Company	Theodore Plessner	II	145
North River Insurance Company	Henry J. Wyatt	II	162
	J. L. Parsons	III	317
Northwestern Fire and Marine Insurance Company	R. M. Bissell	II	442
	Clyde P. Smith	III	30

	Name of Witness	Vol.	Page
Norwich Union Fire Insurance Society, Ltd.	Hart Darlington	II	288
Old Colony Insurance Company	F. M. Dominick	II	490, 510
	I. Lloyd Greene	II	503
	William R. Hedges	II	517
Orient Insurance Company	Carsten Claussen	I	317
	Gilbert Kingan	III	18
Pacific Fire Insurance Company	Laurens R. Bowden	II	75
Palatine Insurance Company, Ltd.	F. W. Koeckert	I	495
Patriotic Insurance Company of America	Oswald Tregaskis	II	16
Philadelphia Fire and Marine Insurance Company	Sheldon Catlin	II	271
		III	429
Phoenix Assurance Company, Ltd.	T. J. Irvine	II	200
Phoenix Insurance Company	George C. Long, Jr.,	III	84
See Stipulation, Vol. III, page 536.	Henry P. Whitman	III	127
Potomac Insurance Company of the District of Columbia	Thomas C. Moore	I	529
	William C. Dent	II	264
Presidential Fire and Marine Insurance Company	A. T. Tamblyn	II	299
Providence Washington Insurance Company	John R. Cashel	I	315
	F. B. Luce	II	519
Provident Fire Insurance Company	John Koenig	II	68
	Harry Halprin	II	93
	E. W. Elwell	III	415
Queen Insurance Company of America	Harold T. Cartlidge	I	462
	Harold Warner	III	351
Reliance Insurance Company of Philadelphia	A. F. Powrie	I	109
	O. E. Lane	I	363
		III	425
Rhode Island Insurance Company	Robert C. Weigel	III	1
Royal Exchange Assurance	John Koenig	II	68
	Harry Halprin	II	93
	E. W. Elwell	III	415
Royal Insurance Company, Ltd.	Harold T. Cartlidge	I	462
	Harold Warner	III	351
Safeguard Insurance Company	Carsten Claussen	I	317
	Gilbert Kingan	III	18
St. Paul Fire and Marine Insurance Company	J. C. McKown	I	165-204
	C. A. Dosdall	I	168
		III	431
Scottish Union and National Insurance Company	J. H. Vreeland	II	461
	William H. Talcott	III	152
Security Insurance Company of New Haven	Walter D. Williams	I	70
Sentinel Fire Insurance Company	John C. Harding	I	279
	Bernard E. Hobart	I	300
	F. A. Schlesinger	II	528
Springfield Fire Insurance Company of Connecticut	John C. Harding	I	279
	Bernard E. Hobart	I	300
	F. A. Schlesinger	II	528
Standard Fire Insurance Company of Connecticut	Joseph K. Hooker	III	130

	Name of Witness	Vol.	Page
Standard Fire Insurance Company of New Jersey	J. F. Breen	I	383
Star Insurance Company of America	Harold T. Cartlidge	I	462
	Harold Warner	III	351
State Assurance Company, Ltd.	John Koenig	II	68
	Harry Halprin	II	93
	E. W. Elwell	III	415
Stuyvesant Insurance Company	C. A. Siedel	II	28
Sun Insurance Office, Ltd.	Oswald Tregaskis	II	16
Superior Fire Insurance Company	Herbert A. Clark	I	249
	John R. Cooney	III	14
Svea Fire and Life Insurance Company	George S. Allen	II	153
Tokio Marine and Fire Insurance Company, Ltd.	S. Clarence Kline	II	184
	R. V. A. Baker	II	218
Transcontinental Insurance Company	George H. Bell	I	136
	Frank D. Layton	III	75
Travelers Fire Insurance Company	Esmond Ewing	III	26
	Robert D. Safford	III	43
		III	432
Twin City Fire Insurance Company	R. M. Bissell	II	442
	Clyde P. Smith	III	30
Underwriters Grain Association	W. L. Lerch	I	305
Union Assurance Society, Ltd.	F. W. Koeckert	I	495
Union Fire Insurance Company **See Stipulation, Vol. III, page 536.**	Everett W. Nourse	II	122
	F. W. Maasen	II	343
United Firemen's Insurance Company of Philadelphia	T. J. Irvine	II	200
United States Fire Insurance Company	Henry J. Wyatt	II	162
	J. L. Parsons	III	317
United States Merchants and Shippers Insurance Company	Henry J. Wyatt	II	162
	J. L. Parsons	III	317
Victory Insurance Company	A. F. Powrie	I	109
	O. E. Lane	I	363
		III	426
Westchester Fire Insurance Company	Henry J. Wyatt	II	162
	J. L. Parsons	III	317
Western Assurance Company	Henry J. Wyatt	II	162
	J. L. Parsons	III	317
Western Fire Insurance Company	Ray B. Duboc	III	255
World Fire and Marine Insurance Company	W. R. McCain	III	331
Yorkshire Insurance Company, Ltd.	Frank B. Martin	II	190

INDEX IV

Exhibits (Chronologically As to Dates Thereof)

	Vol.	Page
1929-1930		
Exhibit 304—Statements from Missouri Inspection Bureau to Western Fire Insurance Company for assessments for the years 1929 and 1930	III	265-272
SEPTEMBER 2, 1931		
Exhibit 306—Letter from Missouri Inspection Bureau to Western Fire Insurance Company, dated September 2, 1931	III	281-282
1933-1934		
Exhibit 305—Statements from Missouri Inspection Bureau to Western Fire Insurance Company for assessments for the years 1933 and 1934 and premium report to Missouri Inspection Bureau, dated March 21, 1933	III	274-280
FEBRUARY 8, 1935		
Exhibit 16—Extract from Minutes of Meeting of Actuarial Committee, February 8, 1935	I	98
MARCH 12, 1935		
Exhibit 307—Copy of letter from Hicks & Folonie, dated March 12, 1935, to C. R. Street, Chairman	III	294
MARCH 19, 1935		
Exhibit 17—Extract from Minutes of Meeting of Actuarial Committee, March 19, 1935	I	98
APRIL 30, 1935		
Exhibit 26—Extract from Minutes of Meeting of Actuarial Committee, April 30, 1935	I	108
MAY 1, 1935		
Exhibit 205—List of companies in Federal Court cases showing amounts impounded to May 1, 1935	II	362-364
Exhibit 283—Memorandum re Total Impounded Premiums of Aetna Insurance Company group to May 1, 1935	III	144
MAY 2, 1935		
Exhibit 5—Check of Continental Insurance Company, payable to Chas. R. Street, Chairman, dated May 2, 1935, amount $15,000.00	I	46
Exhibit 94—Check of Home Insurance Company, dated May 2, 1935, payable to Chas. R. Street, Chairman, amount $15,000.00	I	428

	Vol.	Page
Exhibit 96—Order by Mr. Kurth for check payable to C. R. Street, Chairman, dated May 2, 1935, amount $15,000.00	I	432
Exhibit 97—Order for check payable to C. R. Street, Chairman, dated May 2, 1935, amount $15,000.00	I	434
Exhibit 99—(Plaintiff's Exhibit 1) Page from Cash Book of Home Insurance Company dated May 2, 1935	I	448
Exhibit 103—Check requisition of Royal Insurance Company, dated May 2, 1935, payable to C. R. Street, Chairman, amount $10,000.00	I	473
Exhibit 104—Check of Royal Insurance Company, dated May 2, 1935, payable to C. R. Street, Chairman, amount $10,000.00	I	474
Exhibit 109—Check of Commercial Union Assurance Company, dated May 2, 1935, payable to C. R. Street, Chairman, amount $7,500.00	I	501
Exhibit 111—Page from Cash Book of Commercial Union Assurance Company, dated May 2, 1935	I	503
Exhibit 112—Ledger sheet of Commercial Union Assurance Company, entitled "National and Local Boards," dated May 2, 1935	I	528
Exhibit 167—Check of Crum & Forster, dated May 2, 1935, payable to Charles R. Street, Chairman, amount $5,000.00	II	165
Exhibit 168—Memorandum dated May 2, 1935, showing distribution of $5,000.00 among companies of Crum & Forster Group	II	166
Exhibit 169—Carbon copy of check and office voucher of Crum & Forster, dated May 2, 1935, payable to Charles R. Street, Chairman, amount $5,000.00	II	168
Exhibit 326—Check requisition of Continental Insurance Company, dated May 2, 1935, payable to Chas. R. Street, Chairman, for $15,000.00	III	404
MAY 3, 1935		
Exhibit 210—Letter from Mr. Clark to Mr. George C. Long, dated May 3, 1935	II	421
Exhibit 214—Check of Caledonian Insurance Company, dated May 3, 1935, payable to Charles R. Street, Chairman, amount $2,000.00	II	423
Exhibit 218—Check of Hartford Fire Insurance Company, dated May 3, 1935, payable to C. R. Street, Chairman, amount $10,000.00	II	449
Exhibit 220—Check of Scottish Union and National Insurance Company, dated May 3, 1935, payable to R. J. Folonie, Attorney, amount $4,000.00	II	468

	Vol.	Page
Exhibit 221—Receipt of C. R. Street, Chairman, to Scottish Union & National Insurance Company, dated May 3, 1935	II	470
Exhibit 254—Check of The Travelers Fire Insurance Company, dated May 3, 1935, amount $2,000.00, to Charles R. Street, Chairman	III	49
Exhibit 260—Letter from Mr. Safford to George C. Long, dated May 3, 1935	III	70
Exhibit 262—Letter from Mr. Bissell to Mr. Long, dated May 3, 1935	III	90
Exhibit 263—Letter from Mr. Safford to Mr. Long, dated May 3, 1935	III	91
Exhibit 264—Letter from Mr. Clark, Manager, to Mr. Long, dated May 3, 1935	III	92
Exhibit 321—Check of Aetna Insurance Company, payable to Charles R. Street, Chairman, amount $5,000.00, dated May 3, 1935	III	342
MAY 4, 1935		
Exhibit 261—Memorandum prepared by Alfred Stinson, dated May 4, 1935	III	74
Exhibit 265—Letter from Alfred Stinson to Mr. Long, dated May 4, 1935	III	93
Exhibit 266—Letter from Mr. Long to Mr. Street, dated May 4, 1935	III	95
Exhibit 278a—Check of Automobile Insurance Company, payable to C. R. Street, Agent, dated May 4, 1935, amount $3,500.00	III	138
Exhibit 278c—Endorsement on Check of Automobile Insurance Company Exhibit 278a	III	138
Exhibit 279—Check requisition of Automobile Insurance Company of Hartford, to C. R. Street, Chairman, dated May 4, 1935, amount $3,500.00	III	139
Exhibit 281—Voucher No. 42 of Automobile Insurance Company, for check payable to C. R. Street, Chairman, for $3,500.00, dated May 4, 1935	III	141-142
Exhibit 282—Letter of transmittal from Alfred Stinson to George C. Long, dated May 4, 1935	III	143
Exhibit 287—Page No. 39 from Journal of Automobile Insurance Company, dated May 4, 1935	III	149
Exhibit 295—Check of Phoenix Insurance Company, payable to R. J. Folonie, Attorney, dated May 4, 1935, amount $6,500.00	III	181
MAY 7, 1935		
Exhibit 33—Check of National Fire Insurance Company, dated May 7, 1935, to Hicks & Folonie, Attorneys, amount $5,000.00	I	148

	Vol.	Page
MAY 9, 1935		
Exhibit 82—Check requisition of Great American Insurance Company, dated May 9, 1935, payable to R. J. Folonie, Attorney, amount $10,000.00	I	398
Exhibit 84—Check of Great American Insurance Company, dated May 9, 1935, payable to R. J. Folonie, Attorney, amount $10,000.00	I	400
Exhibit 293—Page No. 14 from Cash Receipts book of firm of Hicks & Folonie, entitled "Cash Receipts," dated May 9, 1935	III	169
Exhibit 296—Statement from C. R. Street to Income Tax representatives relative to $100,000.00	III	179
MAY 10, 1935		
Exhibit 294—Page No. 14 from Cash Disbursements book of firm of Hicks & Folonie, entitled "Cash Disbursements," dated May 10, 1935	III	169
MAY 16, 1935		
Exhibit 86—Telegram from C. R. Street to Mr. Koop, dated May 16, 1935	I	408
Exhibit 87—Telegram from W. H. Koop to C. R. Street, dated May 16, 1935	I	410
Exhibit 88—Telegram from Mr. Koop to Street, dated May 16, 1935	I	410
Exhibit 89—Memorandum from Mr. Erskine to Mr. Koop, dated May 16, 1935	I	410
Exhibit 91—Telegram from Mr. Erskine to Mr. Street, dated May 16, 1935	I	412
Exhibit 217—Copy of telegram from Mr. Street to Mr. Long, dated May 16, 1935	II	441
Exhibit 267—Photostatic copy of telegram from Mr. Street to Mr. Long, dated May 16, 1935	III	98
Exhibit 268—Photostatic copy of telegram from H. P. Whitman to C. R. Street, dated May 16, 1935	III	101
Exhibit 269—Photostatic copy of telegram from C. R. Street to George C. Long, dated May 16, 1935	III	99
Exhibit 270—Copy of letter from Ross McCain to Mr. Street, dated May 16, 1935	III	103
Exhibit 271—Photostatic copy of telegram from Mr. Long to Mr. Street, dated May 16, 1935	III	104
MAY 17, 1935		
Exhibit 90—Letter from Mr. Erskine to Mr. Street, dated May 17, 1935	I	411
Exhibit 92—Telegram from Mr. Erskine to Mr. Street, dated May 17, 1935	I	413

	Vol.	Page
MAY 18, 1935		
Exhibit 2—Memorandum Agreement (settlement agreement) dated May 18, 1935, between R. Emmet O'Malley and Charles R. Street	I	27
MAY 23, 1935		
Exhibit 93—Telegram from Mr. Street to Mr. Koop, dated May 23, 1935	I	413
MAY 27, 1935		
Exhibit 255—Memorandum from Robert D. Safford to Auditor Flynn, dated May 27, 1935	III	53
MAY, 1935		
Exhibit 288—Sheet No. 46 from Journal of Automobile Insurance Company, for month of May, 1935	III	149
JUNE 12, 1935		
Exhibit 115—Circular letter from Missouri Inspection Bureau to agents, dated June 12, 1935	I	530
JUNE, 1935		
Exhibit 324—Memorandum for Journal Entry, dated June, 1935, Royal Insurance Company	III	356
JULY 9, 1935		
Exhibit 18—Extract from Minutes of meeting of Actuarial Committee, dated July 9, 1935	I	99
OCTOBER 1, 1935		
Exhibit 19—Extract from Minutes of meeting, Actuarial Committee, dated October 1, 1935	I	101
NOVEMBER 27, 1935		
Exhibit 20—Extract from Minutes of Meeting of Actuarial Committee, dated November 27, 1935	I	102
Exhibit 21—Extract from Minutes of Meeting of Actuarial Committee, dated November 27, 1935	I	104
DECEMBER 7, 1935		
Exhibit 330—Certified copy of Final Judgment of Aetna vs. O'Malley, December 7, 1935	III	474-511
Exhibit 332—Final Judgment, O'Malley vs. Patriotic Insurance Company, December 7, 1935	III	513-515
DECEMBER 18, 1935		
Exhibit 198—Memorandum prepared by Mr. Moeckel, dated December 18, 1935	II	307

	Vol.	Page
DECEMBER 27, 1935		
Exhibit 219—Letter from Mr. Bissell to A. G. Dugan, dated December 27, 1935	II	452
MISCELLANEOUS YEAR 1935		
Exhibit 207—List of Trustees of Insurance Executives Association in 1935	II	407
Exhibit 289—Page entitled "Legal Expense" Account No. 97, for year 1935, Automobile Insurance Company	III	149
JANUARY 16, 1936		
Exhibit 331—Copy of Certificate of Satisfaction of Judgment, dated January 16, 1936	III	511-512
FEBRUARY 1, 1936		
Exhibit 3—Decree dated February 1, 1936, entered in each cause	I	32
FEBRUARY 4, 1936		
Exhibit 105—Letter from Subscribers Actuarial Committee to companies, dated February 4, 1936	I	447
FEBRUARY 7, 1936		
Exhibit 4—Declaration of Trust dated February 7, 1936, executed by Charles R. Street and Robert J. Folonie	I	40
FEBRUARY 18, 1936		
Exhibit 250—Letter from Mr. Rodgers to Subscribers Actuarial Committee, dated February 18, 1936	III	23
FEBRUARY 19, 1936		
Exhibit 252—Letter from Mr. Rodgers to Subscribers Actuarial Committee, dated February 19, 1936	III	25
FEBRUARY 24, 1936		
Exhibit 184—Letter of Hicks & Folonie to Mr. Rodgers, dated February 24, 1936	II	236
FEBRUARY 26, 1936		
Exhibit 256—Memorandum from Mr. Safford to Mr. Flynn, dated February 26, 1936	III	56
MARCH 9, 1936		
Exhibit 35—Letter from C. R. Street and R. J. Folonie, Trustees, to St. Paul Fire & Marine Insurance Company, dated March 9, 1936	I	171
Exhibit 52—Letter from C. R. Street and R. J. Folonie, Trustees, to Mr. Clark, dated March 9, 1936	I	258

	Vol.	Page
MARCH 12, 1936		
Exhibit 27—Copy of letter from Mr. Powrie to O. E. Lane, dated March 12, 1936	I	112
MARCH 13, 1936		
Exhibit 28—Voucher receipt to Fire Association of Philadelphia by C. R. Street, Chairman, dated March 13, 1936	I	116
Exhibit 28a—Check of Fire Association of Philadelphia, dated March 13, 1936, to C. R. Street, for $1,712.82	III	436
Exhibit 29—Letter from Mr. Powrie to C. R. Street, transmitting check for $1,712.82, dated March 13, 1936	I	120
Exhibit 37—Letter to C. R. Street from C. A. Dosdall, dated March 13, 1936	I	174
Exhibit 39—Cancelled check of St. Paul Fire & Marine Insurance Company, dated March 13, 1936, payable to C. R. Street and R. J. Folonie, Trustees, amount $1,483.84	I	180
Exhibit 40—Cancelled check of Mercury Insurance Company, dated March 13, 1936, to C. R. Street and R. J. Folonie, Trustees, amount $478.94	I	181
Exhibit 53—Memorandum from Mr. Clark to Miss Bircher dated March 13, 1936	I	260
MARCH 17, 1936		
Exhibit 10—Letter from C. R. Street to Walter D. Williams, dated March 17, 1936	I	81
Exhibit 11—Letter from C. R. Street to Walter D. Williams, dated March 17, 1936	I	82
Exhibit 188—Letter of Mr. Street to Mr. Thomas, dated March 17, 1936	II	247
MARCH 18, 1936		
Exhibit 64—Check of Underwriters Grain Association, dated March 18, 1936, payable to C. R. Street, Agent, amount $2,070.98	I	310
MARCH 19, 1936		
Exhibit 43—Check of Detroit Fire & Marine Insurance Company, dated March 19, 1936, issued to C. R. Street, Agent, amount $897.43	I	209
Exhibit 65—Letter from C. R. Street to W. L. Lerch, dated March 19, 1936	I	312
MARCH 20, 1936		
Exhibit 140—Check of Glens Falls Insurance Company, dated March 20, 1936, payable to C. R. Street, Agent, for $2,877.38	II	42

	Vol.	Page
Exhibit 141—Order for check to C. R. Street, Agent, dated March 20, 1936, amount $2,877.38	II	46
Exhibit 142—Letter of Glens Falls Insurance Company to Mr. J. D. Erskine, dated March 20, 1936	II	53
Exhibit 187—Check requisition of National Union Fire Insurance Company, dated March 20, 1936	II	259
MARCH 21, 1936		
Exhibit 110—Check of Commercial Union Assurance Company, dated March 21, 1936, issued to C. R. Street, Agent, amount $8,281.67	I	521
Exhibit 114—Ledger account entitled "Legal Expenses" Commercial Union Assurance Company, dated March 21, 1936	I	528
Exhibit 143—Check of Agricultural Insurance Company, dated March 21, 1936, payable to C. R. Street, Agent, amount $2,049.89; also receipt from C. R. Street, Agent	II	56
Exhibit 145—Letter of Mr. Waterman to C. R. Street, dated March 21, 1936	II	59
Exhibit 161—Check requisition of American Insurance Company, dated March 21, 1936	II	136
Exhibit 162—Check of American Insurance Company, dated March 21, 1936, to C. R. Street, amount $9,719.03	II	138
Exhibit 170—Check of Crum & Forster, dated March 21, 1936, to C. R. Street, Agent, amount $6,419.41; also memorandum prepared by Mr. Haid	II	170
Exhibit 171—Copy of check and office voucher of Crum & Forster, dated March 21, 1936, payable to C. R. Street, Agent, amount $6,419.41	II	172
Exhibit 179—Page from Cash Book of Phoenix Assurance Company, dated March 21, 1936	II	208
Exhibit 180—Page from Cash Book of Phoenix Assurance Company, opposite Exhibit 179	II	208
Exhibit 183—Page 177 of Cash Book of Insurance Company of the State of Pennsylvania, dated March 21, 1936	II	232
Exhibit 199—Letter of Mr. Swan to Mr. Haid, dated March 21, 1936	II	316
Exhibit 200—Letter from Mr. Swan to Mr. Jones, dated March 21, 1936	II	318
Exhibit 226—Letter of Mr. Dominick to Mr. Hewett, dated March 21, 1936	II	494
Exhibit 228—Letter from Mr. Dominick to Mr. Haid, dated March 21, 1936	II	499
Exhibit 228a—Check of Boston Insurance Company, dated March 21, 1936, to C. R. Street, Agent, amount $6,097.15	III	435

	Vol.	Page
Exhibit 229—Memoranda prepared by Mr. Greene, dated March 21, 1936	II	507
Exhibit 274—Check of New Hampshire Fire Insurance Company to C. R. Street, Agent, amount $4,652.18, dated March 21, 1936	III	121
Exhibit 275—Memorandum of telephone conversation from Paul L. Haid to J. D. Smart, dated March 21, 1936	III	122
Exhibit 276—Letter from Mr. Swallow to Mr. Paul L. Haid, dated March 21, 1936	III	123
Exhibit 327—Check of The Continental Insurance Company, dated March 21, 1936, to C. R. Street, Agent, amount $22,323.12	III	410
Exhibit 328—Check requisition of The Continental Insurance Company of New York, dated March 21, 1936, to order of C. R. Street, Agent, amount $22,323.12	III	412
MARCH 23, 1936		
Exhibit 12—Check issued by Security Insurance Company, payable to C. R. Street, Agent, dated March 23, 1936, amount $2,960.75	I	83
Exhibit 13—Check issued by East and West Insurance Company, dated March 23, 1936, payable to C. R. Street, Agent, amount $1,302.56	I	84
Exhibit 15—Letter transmitting checks to Mr. C. R. Street, dated March 23, 1936	I	87
Exhibit 70—Memorandum by Mr. Barbour, dated March 23, 1936	I	359
Exhibit 71—Check of Northern Assurance Company, dated March 23, 1936, issued to C. R. Street, Agent, amount $4,910.48	I	360
Exhibit 95—Check of Home Insurance Company Special Account No. 3, dated March 23, 1936, payable to C. R. Street, Agent, amount $28,682.14	I	430
Exhibit 95a—Check of National Liberty Insurance Company of America, Special Account No. 3, payable to C. R. Street, Agent, dated March 23, 1936, amount $4,260.39	III	434
Exhibit 98—Order for check to C. R. Street, Agent, dated March 23, 1936, amount $28,682.14	I	436
Exhibit 100—Memorandum from Mr. Van Horne to George C. Bowers, dated March 23, 1936	I	459
Exhibit 101—Check of Globe & Rutgers Insurance Company, dated March 23, 1936, payable to C. R. Street, Agent, amount $2,852.81	I	460
Exhibit 102—Check requisition dated March 23, 1936, to C. R. Street, Agent, amount $2,852.81	I	461

	Vol.	Page
Exhibit 106—Memorandum as to impoundings Royal Insurance Company Group, March 23, 1936	I	480
Exhibit 107—Memorandum from Paul L. Haid to Mr. Warner, March 23, 1936	I	483
Exhibit 108—Order for check dated March 23, 1936, payable to C. R. Street, Agent, amount $12,200.40	I	487
Exhibit 120a—Check of Atlas Assurance Company, Ltd., dated March 23, 1936, to C. R. Street, Agent, for $2,159.17	III	433
Exhibit 121—Check Hanover Fire Insurance Company, dated March 23, 1936, payable to R. J. Folonie, Agent, for $4,116.48	II	11
Exhibit 122—Letter from Vice President of Hanover Fire Insurance Company to C. R. Street, Trustee, dated March 23, 1936	II	12
Exhibit 123—Letter from Mr. Coffill to Mr. Nelson, dated March 23, 1936	II	13
Exhibit 136—Check requisition, Patriotic Insurance Company, to R. J. Folonie, Agent, dated March 23, 1936, amount $249.31	II	19
Exhibit 137—Check of Patriotic Insurance Company, dated March 23, 1936, payable to R. J. Folonie, Agent, amount $249.31	II	22
Exhibit 138—Check requisition by Sun Insurance Office, payable to R. J. Folonie, Agent, dated March 23, 1936, amount $3,591.06	II	25
Exhibit 139—Check of Stuyvesant Insurance Company, dated March 23, 1936, payable to C. R. Street, amount $1,171.41	II	31
Exhibit 144—Letter from C. R. Street to Mr. Waterman, dated March 23, 1936	II	61
Exhibit 154—Check of Royal Exchange Assurance dated March 23, 1936, to C. R. Street, for $6,385.31	II	94
Exhibit 160—Check of London Assurance dated March 23, 1936, to Charles R. Street, Agent, for $3,493.96	II	128
Exhibit 164—Check of Northern Insurance Company, dated March 23, 1936, to C. R. Street, Agent, for $3,639.20	II	148
Exhibit 175—Check of Phoenix Assurance Company, Ltd., of London, dated March 23, 1936, to C. R. Street, Agent, for $5,226.18	II	202
Exhibit 176—Memorandum showing proration of payment borne by each member of the group	II	202
Exhibit 177—Memorandum prepared by Mr. Irvine, dated March 23, 1936	II	204
Exhibit 178—Letter of Mr. Cunningham to Mr. Erskine, dated March 23, 1936	II	206

	Vol.	Page
Exhibit 186—Check of National Union Fire Insurance Company, dated March 23, 1936, payable to Charles R. Street, Agent, for $4,019.00	II	246
Exhibit 189—Letter from Mr. Thomas to Mr. Street dated March 23, 1936	II	249
Exhibit 193—Check requisition of Norwich Union Fire Insurance Society, dated March 23, 1936	II	292
Exhibit 194—Check of Norwich Union Fire Insurance Society, dated March 23, 1936, to C. R. Street, Agent, for $2,201.37	II	293
Exhibit 195—Check requisition of Eagle Fire Company of New York, dated March 23, 1936	II	294
Exhibit 196—Check of Eagle Fire Insurance Company, dated March 23, 1936, payable to C. R. Street, Agent, amount $896.60	II	295
Exhibit 236—Letter from Treasurer to Paul L. Haid, dated March 23, 1936	II	539
Exhibit 239—Check of Springfield Fire & Marine Insurance Company, dated March 23, 1936, to C. R. Street, Agent, for $15,821.52	II	541
Exhibit 272—Requisition of Camden Fire Insurance Company, dated March 23, 1936, to C. R. Street, Agent, for $2,301.59	III	113
Exhibit 273—Check of Camden Fire Insurance Company, dated March 23, 1936, to C. R. Street, Agent, for $2,301.59	III	114
Exhibit 300—Check of Sun Insurance Office, dated March 23, 1936, payable to R. J. Folonie, Agent, for $3,691.06	III	203
Exhibit 322—Check of Aetna Insurance Company, dated March 23, 1936, to C. R. Street, Agent, amount $6,991.95	III	343
Exhibit 323—Memorandum prepared by G. H. Grant, Secretary	III	350
Exhibit 325—Check of Royal Insurance Company, Ltd., dated March 23, 1936, payable to C. R. Street, Agent, amount $12,200.40	III	365
See Stipulation, Vol. III, page 536.		
MARCH 24, 1936		
Exhibit 44—Memorandum by Mr. S. F. Weiser, dated March 24, 1936	I	217
Exhibit 45—Copy of letter from H. C. Clark to S. F. Weiser, dated March 24, 1936	I	220
Exhibit 48—Office Memorandum from W. L. Leonard to Mr. Buck, dated March 24, 1936	I	234
Exhibit 54—Memorandum from Mr. Clark to Miss Bircher, dated March 24, 1936	I	266

	Vol.	Page
Exhibit 63—Letter from F. A. Schlesinger to John C. Harding, dated March 24, 1936	I	294-295
Exhibit 238—Same as Exhibit 63	I	294-295
Exhibit 66—Check of London & Lancashire Insurance Company, dated March 24, 1936, payable to C. R. Street, Agent, for $3,752.55	I	323
Exhibit 67—Check of Orient Insurance Company, dated March 24, 1936, payable to C. R. Street, Agent, for $3,506.24	I	324
Exhibit 68—Check of Safeguard Insurance Company, dated March 24, 1936, payable to C. R. Street, Agent, amount $495.38	I	325
Exhibit 69—Check of Law, Union & Rock Insurance Company, dated March 24, 1936, payable to C. R. Street, Agent, for $1,307.63	I	326
Exhibit 72—Check of London & Scottish Assurance Corporation, dated March 24, 1936, payable to Northern Assurance Company, Ltd., amount $673.33	I	361
Exhibit 76—Check of Standard Fire Insurance Company, dated March 24, 1936, payable to C. R. Street, Agent, amount $2,891.02	I	390
Exhibit 78—Page 116 of Cash Book of Standard Fire Insurance Company of New Jersey, dated March 24, 1936	I	393
Exhibit 83—Check requisition, Great American Insurance Company, issued to C. R. Street, Agent, dated March 24, 1936, amount $5,997.00	I	402
Exhibit 117—Check of Potomac Insurance Company, dated March 24, 1936, payable to C. R. Street, Agent, for $2,450.74	I	533
Exhibit 118—Photostatic copy of Memorandum from files of Potomac Insurance Company, dated March 24, 1936	I	538
Exhibit 119—Requisition for check, Potomac Insurance Company, dated March 24, 1936, to C. R. Street, Agent, amount $2,450.74	I	535
Exhibit 120—Letter from Mr. Barry to Mr. Schoen, dated March 24, 1936	II	3
Exhibit 147—Check of Pacific Fire Insurance Company, dated March 24, 1936, to R. J. Folonie, Agent, amount $1,602.17	II	79
Exhibit 148—Check of Bankers & Shippers Insurance Company, dated March 24, 1936, to R. J. Folonie, Agent, amount $2,060.97	II	80
Exhibit 149—Check of New Jersey Insurance Company, dated March 24, 1936, payable to R. J. Folonie, Agent, amount $1,402.27	II	81

	Vol.	Page
Exhibit 150—Check Requisition of Pacific Fire Insurance Company, to R. J. Folonie, dated March 24, 1936	II	83
Exhibit 152—Request for check of New Jersey Insurance Company, dated March 24, 1936	II	85
Exhibit 153—Journal page of Pacific Fire Insurance Company, entitled "Missouri Impound Custodian," dated March 24, 1936	II	87
Exhibit 157—Check of Eagle Star & British Dominions Insurance Company, dated March 24, 1936, to C. R. Street, Agent, amount $1,028.57	II	109
Exhibit 158—Voucher of Eagle Star & British Dominions Insurance Company, dated March 24, 1936	II	112
Exhibit 159—Page 252 from Cash Book of Eagle Star & British Dominions Insurance Company, dated March 24, 1936	II	114
Exhibit 173—Requisition of Yorkshire Insurance Company, dated March 24, 1936, to C. R. Street, Agent, amount $2,455.62	II	194
Exhibit 174—Check of Yorkshire Insurance Company, Ltd., dated March 24, 1936, to C. R. Street, Agent, for $2,455.62	II	196
Exhibit 182—Check of Insurance Company of the State of Pennsylvania, dated March 24, 1936, to C. R. Street, Agent, amount $1,876.68	II	229
Exhibit 190—Disbursement Voucher of Insurance Company of North America, dated March 24, 1936	II	281
Exhibit 191—Check of Insurance Company of North America, dated March 24, 1936, to C. R. Street, Agent, amount $8,903.39	II	283
Exhibit 191a—Check of The Alliance Insurance Company of Philadelphia, dated March 24, 1936, to C. R. Street, Agent, amount $1,077.43	III	427
Exhibit 191b—Check of National Security Fire Insurance Company, dated March 24, 1936, payable to C. R. Street, Agent, for $552.19	III	428
Exhibit 191c—Check of Philadelphia Fire & Marine Insurance Company, dated March 24, 1936, payable to C. R. Street, Agent, amount $2,553.21	III	429
Exhibit 192—Page from Cash Book of the Alliance Insurance Company, dated March 24, 1936	II	285
Exhibit 233—Check of Providence Washington Insurance Company, dated March 24, 1936, to C. R. Street, Agent, amount $2,186.72	II	521
Exhibit 237—Memorandum of March 24, 1936, showing 5% of Impoundings Springfield Fire group	II	540
Exhibit 251—Memorandum of March 24, 1936, The Insurance Company of the State of Pennsylvania	III	24

	Vol.	Page
Exhibit 253—Check of Hartford Fire Insurance Company, dated March 24, 1936, payable to C. R. Street, Agent, amount $25,285.99	III	42
Exhibit 258—Memoranda, dated March 24, 1936, for Mr. Ewing	III	62, 63
Exhibit 278—Check of Automobile Insurance Company, payable to C. R. Street, Agent, dated March 24, 1936, amount $3,158.48	III	137
Exhibit 278b—Endorsement on check of Automobile Insurance Company, Exhibit 278	III	137
Exhibit 280—Check requisition of Automobile Insurance Company, to C. R. Street, Agent, dated March 24, 1936, amount $3,158.48	III	140
Exhibit 281—Voucher No. 221 for check payable to C. R. Street, Agent, for $3,158.48, dated March 24, 1936, Automobile Insurance Company of Hartford	III	141-142
Exhibit 284—Inter-office communication dated March 24, 1936, from Mr. Hooker to Mr. Alfred Stinson	III	145
Exhibit 285—Copy of letter from Mr. Hooker to Mr. Haid, dated March 24, 1936	III	146
Exhibit 290—Page No. 23 from Journal of Automobile Insurance Company, dated March 24, 1936	III	149
Exhibit 297—Check of Pacific Fire Insurance Company, dated March 24, 1936, payable to R. J. Folonie, Agent, for $1,602.17	III	200
Exhibit 298—Check of Bankers & Shippers Insurance Company, dated March 24, 1936, payable to R. J. Folonie, Agent, amount $2,060.97	III	201
Exhibit 299—Check of New Jersey Insurance Company, dated March 24, 1936, payable to R. J. Folonie, Agent, for $1,402.27	III	202
MARCH 25, 1936		
Exhibit 46—Check of Dubuque Fire & Marine Insurance Company, dated March 25, 1936, payable to C. R. Street, Agent, amount $2,910.02	I	223
Exhibit 47—Check of National Reserve Insurance Company, dated March 25, 1936, payable to C. R. Street, Agent, amount $676.06	I	224
Exhibit 55—Check of Concordia Fire Insurance Company, dated March 25, 1936, payable to C. R. Street, Agent, amount $2,858.24	I	268
Exhibit 56—Check of Firemen's Insurance Company, dated March 25, 1936, payable to C. R. Street, Agent, amount $6,162.33	I	269
Exhibit 57—Check of Girard Fire and Marine Insurance Company, dated March 25, 1936, issued to C. R. Street, Agent, amount $1,820.25	I	270

	Vol.	Page
Exhibit 58—Check of Mechanics Insurance Company of Philadelphia, dated March 25, 1936, payable to C. R. Street, Agent, amount $387.17	I	271
Exhibit 59—Check of Milwaukee Mechanics' Insurance Company, dated March 25, 1936, payable to C. R. Street, Agent, amount $3,387.72	I	272
Exhibit 60—Check of National-Ben Franklin Fire Insurance Company, dated March 25, 1936, payable to C. R. Street, Agent, amount $1,359.93	I	273
Exhibit 61—Check of Superior Fire Insurance Company, dated March 25, 1936, payable to C. R. Street, Agent, amount $1,015.21	I	274
Exhibit 73—Memorandum by Mr. Brady, dated March 25, 1936	I	380
Exhibit 74—Check of Merchants Fire Assurance Corporation, dated March 25, 1936, payable to C. R. Street, Agent, amount $3,012.99	I	381
Exhibit 75—Page 125 of the General Cash Book of Merchants Fire Assurance Corporation, dated March 25, 1936	I	382
Exhibit 85—Check of Great American Insurance Company, dated March 25, 1936, payable to C. R. Street, Agent, amount $5,997.00	I	404
Exhibit 124—Letter from Mr. Nelson to Mr. Coffill, dated March 25, 1936	II	14
Exhibit 151—Memorandum of Receipt of New Jersey Insurance Company, dated March 25, 1936	II	84
Exhibit 155—Page from disbursement records of Royal Exchange Assurance, dated March 25, 1936	II	98
Exhibit 156—Check of Importers & Exporters Insurance Company, dated March 25, 1936, payable to C. R. Street, Agent, for amount $2,482.25	II	103
Exhibit 172—Check of Tokio Marine & Fire Insurance Company, dated March 25, 1936, to C. R. Street, Agent, for $1,792.86	II	189
Exhibit 227—Receipt of C. R. Street to Old Colony Insurance Company, dated March 25, 1936	II	501
Exhibit 227a—Receipt of C. R. Street to Boston Insurance Company, dated March 25, 1936	II	502
Exhibit 254a—Check of The Travelers Fire Insurance Company, dated March 25, 1936, to C. R. Street, Agent, amount $6,738.21	III	432
Exhibit 257—Memorandum from Mr. Safford to Mr. Flynn, dated March 25, 1936	III	59
Exhibit 259—Letter from Mr. Ewing to Mr. Erskine, dated March 25, 1936	III	65

	Vol.	Page
MARCH 26, 1936		
Exhibit 62—Inter-Office communication from B. E. Hobart to George B. Bulkley, dated March 26, 1936	I	297
Exhibit 241—Check of Rhode Island Insurance Company to C. R. Street, Agent, dated March 26, 1935, amount $2,938.42	III	4
Exhibit 243—Requisition for check for $2,938.42, payable to C. R. Street, Agent, March, 1936	III	6
Exhibit 244—Letter from Mr. Weigel to Mr. Street, dated March 26, 1936	III	7
Exhibit 245—Letter from Mr. Weigel to Mr. Street, dated March 26, 1936	III	8
MARCH 27, 1936		
Exhibit 34—Check National Fire Insurance Company, dated March 27, 1936, payable to C. R. Street, Agent, amount $13,655.11	I	149
Exhibit 49—Carbon Copy of letter from Mr. Buck to Mr. C. R. Street, dated March 27, 1936	I	241
Exhibit 50—Check of Home Fire & Marine Insurance Company, dated March 27, 1936, payable to C. R. Street, Agent, amount $5,739.21	I	247
Exhibit 51—Check of Firemen's Fund Insurance Company, dated March 27, 1936, issued to C. R. Street, Agent, for $5,739.21	I	248
Exhibit 222—Check of American Union Insurance Company, dated March 27, 1936, to C. R. Street, Agent, for $1,257.42	II	472
Exhibit 223—Check of Scottish Union & National Insurance Company, dated March 27, 1936, to C. R. Street, Agent, for $414.50	II	474
MARCH 28, 1936		
Exhibit 246—Letter from Mr. Street to Mr. Weigel, dated March 28, 1936	III	9
MARCH 30, 1936		
Exhibit 38—Letter to J. C. McKown from C. R. Street, dated March 30, 1936	I	176
Exhibit 201—Letter of Mr. Swan to Mr. Jones, dated March 30, 1936	II	324
Exhibit 303—Letter from C. R. Street to Mr. Duboc, dated March 30, 1936	III	259
Exhibit 316—Copy of letter from C. R. Street to A. L. Jessup, dated March 30, 1936	III	308

	Vol.	Page
MARCH 31, 1936		
Exhibit 36—Disbursement Voucher of Mercury Insurance Company, dated March 31, 1936, and pencil memorandum from C. R. Street	I	172
Exhibit 41a—Check of Mercury Insurance Company, dated March 31, 1936, to C. R. Street, Agent, for $1,330.35	III	430
Exhibit 41b—Check of St. Paul Fire & Marine Insurance Company, dated March 31, 1936, payable to C. R. Street, Agent, for $4,121.75	III	431
Exhibit 146—Letter of Charles R. Street to Royal Exchange Assurance, dated March 31, 1936	II	74
Exhibit 181—Page from General Ledger entitled "Account Missouri Impounded Premium Adj. Acc't" Phoenix Assurance, dated March 31, 1936	II	209
Exhibit 240—Receipt from C. R. Street, Agent, to Mr. Bulkley, dated March 31, 1936	II	542
Exhibit 242—Check of Merchants Insurance Company of Providence, dated March 31, 1936, to C. R. Street, Agent, amount $1,010.90	III	5
Exhibit 247—Letter from Collection Manager to Mr. Street, dated March 31, 1936	III	10
MARCH, 1936		
Exhibit 113—Page 249 from Cash Book for month of March, 1936, Commercial Union Assurance Company	I	528
Exhibit 125—Page 313 of the Agency Remittances for month of March, 1936, for Hanover Fire Insurance Company	II	15
Exhibit 126—Page from Agency Remittances for month of March, 1936, for Hanover Fire Insurance Company	II	15
Exhibit 127—Page from Cash Book of Hanover Fire Insurance Company for month of March, 1936	II	15
Exhibit 128—Page from General Cash Book, Western Department, Hanover Fire Insurance Company, month of March, 1936	II	15
Exihbit 129—Page from General Cash Book, Western Department, Hanover Fire Insurance Company, month of March, 1936	II	15
Exhibit 130—Page from General Cash Book, Hanover Fire Insurance Company, March, 1936	II	15
Exhibit 132—Page from General Cash Book, Western Department, Hanover Fire Insurance Company, month of March, 1936	II	15
Exhibit 135—Monthly Report, Western Department, Hanover Fire Insurance Company, month of March, 1936	II	15

	Vol.	Page
Exhibit 163—Check requisition of Columbia Fire Insurance Company, month of March, 1936	II	143
Exhibit 291—Sheet No. 27 from Journal of Automobile Insurance Company, month of March, 1936	III	149
APRIL 1, 1936		
Exhibit 41—Letter from C. A. Dosdall to C. R. Street, dated April 1, 1936	I	184
Exhibit 202—Letter of Mr. Jones to Mr. Swan, dated April 1, 1936	II	325
Exhibit 310—Copy of letter from Mr. Gardner to Mr. Street, dated April 1, 1936	III	302
APRIL 2, 1936		
Exhibit 42—Letter from C. R. Street to C. A. Dosdall, dated April 2, 1936	I	185
Exhibit 165—Check of Svea Fire & Life Insurance Company, dated April 2, 1936, to C. R. Street, Agent, amount $647.91	II	159
Exhibit 166—Check of Hudson Insurance Company, dated April 2, 1936, to C. R. Street, Agent, for $615.66	II	160
Exhibit 317—Copy of letter from Mr. Jessup to Mr. Street, dated April 2, 1936	III	308
APRIL 4, 1936		
Exhibit 311—Copy of letter from C. R. Street to Mr. Jessup, dated April 4, 1936	III	303
Exhibit 312—Copy of letter from Mr. Street to Mr. Gardner, dated April 4, 1936	III	304
APRIL 6, 1936		
Exhibit 313—Copy of letter from Mr. Jessup to Mr. Gardner, dated April 6, 1936	III	305
APRIL 8, 1936		
Exhibit 22—Extract from Minutes of Meeting of Actuarial Committee, dated April 8, 1936	I	105
Exhibit 308—Check of Merchants Fire Insurance Company, dated April 8, 1936, to C. R. Street, Agent, amount $669.40	III	300
Exhibit 309—Remittance Advice, dated April 8, 1936, to C. R. Street, Agent, amount $669.40	III	301
Exhibit 314—Copy of letter from Mr. Gardner to Mr. Jessup, dated April 8, 1936	III	306
APRIL 9, 1936		
Exhibit 315—Copy of letter from Mr. Jessup to Mr. Gardner, dated April 9, 1936	III	307

See Stipulation, Vol. III, page 536.

	Vol.	Page
APRIL 13, 1936		
Exhibit 231—Receipt from Mr. Street to Mr. Dominick, dated April 13, 1936	II	512
APRIL 15, 1936		
Exhibit 197—Check of Lincoln Fire Insurance Company, dated April 15, 1936, to C. R. Street, Agent, for $694.52	II	301
APRIL 16, 1936		
Exhibit 6—Letter from Mr. Culver, President, Continental Insurance Company, to Mr. Henne, Vice President, dated April 16, 1936	I	51
APRIL 20, 1936		
Exhibit 7—Letter from Mr. Jones to Mr. Culver, President Continental Insurance Company, dated April 20, 1936	I	53
Exhibit 203—Letter from Mr. Jones to Mr. Culver, dated April 20, 1936	II	340
APRIL 27, 1936		
Exhibit 30—Letter from Charles R. Street to Mr. A. F. Powrie, dated April 27, 1936	I	131
APRIL 29, 1936		
Exhibit 31—Letter from Mr. Powrie to C. R. Street, dated April 29, 1936, transmitting check, for $5,425.59	I	125
Exhibit 31a—Check of Fire Association of Philadelphia, dated April 29, 1936, to C. R. Street, amount $2,929.90	III	423
Exhibit 31b—Check of Lumbermen's Insurance Company, dated April 29, 1936, to C. R. Street, amount $1,221.22	III	424
Exhibit 31c—Check of The Reliance Insurance Company, dated April 29, 1936, to C. R. Street, for $794.78	III	425
Exhibit 31d—Check of The Reliance Insurance Company, dated April 29, 1936, to C. R. Street, for $479.69	III	426
APRIL, 1936		
Exhibit 302—Check of The Western Fire Insurance Company, dated April, 1936, payable to C. R. Street, Agent, for $1,693.63	III	258
JUNE 4, 1936		
Exhibit 230—Letter from Mr. Dominick to Mr. Street, dated June 4, 1936	II	510

	Vol.	Page
JUNE 5, 1936		
Exhibit 23—Extract from Minutes of Meeting Actuarial Committee, dated June 5, 1936	I	106
JUNE 8, 1936		
Exhibit 232—Letter from Mr. Street to Mr. Dominick, dated June 8, 1936	II	514
JUNE 30, 1936		
Exhibit 225b—Carbon copy of page from report of Missouri Impounded Premiums as of June 30, 1936	I	332
JUNE, 1936		
Exhibit 79—Page 65 of the Journal of Standard Fire Insurance Company, dated June, 1936	I	393
JULY 10, 1936		
Exhibit 225a—Carbon copy of letter from Claussen, Manager, to General Manager, London & Lancashire Insurance Company, dated July 10, 1936	I	331
JULY 24, 1936		
Exhibit 225c—Memorandum letter from Home Office of London & Lancashire Insurance Company Manager, Chicago, dated July 24, 1936	I	333
SEPTEMBER 25, 1936		
Exhibit 8—Memorandum of C. R. Street, addressed to the Governing Committee, dated September 25, 1936	I	54
OCTOBER 23, 1936		
Exhibit 24—Extract from Minutes of Meeting of Actuarial Committee, dated October 23, 1936	I	106
OCTOBER 29, 1936		
Exhibit 9—Inter-Office communication between Bert R. Jones, Assistant Auditor, and William H. Emes, Auditor, dated October 29, 1936	I	55
NOVEMBER 9, 1936		
Exhibit 14—Letter from C. R. Street to Mr. Powrie, dated November 9, 1936	I	85
Exhibit 32—Letter from C. R. Street to A. F. Powrie, dated November 9, 1936 (original of Exhibit 14)	I	132
NOVEMBER 19, 1936		
Exhibit 211—Carbon copy of letter from chief accountant, Caledonian Insurance Company to Mr. Street, dated November 19, 1936	II	426

	Vol.	Page
NOVEMBER 23, 1936		
Exhibit 212—Letter of Mr. Street to Mr. Clark, dated November 23, 1936	II	428
NOVEMBER 25, 1936		
Exhibit 213—Letter from Mr. Clark to Mr. Street, dated November 25, 1936	II	429
Exhibit 215—Check of Caledonian Insurance Company, dated November 25, 1936, to C. R. Street, for $495.50	II	431
Exhibit 216—Receipt of C. R. Street, Chairman, to Caledonian Insurance Company, amount $495.50	II	433
DECEMBER 8, 1936		
Exhibit 25—Extract from Minutes of Meeting of Actuarial Committee, dated December 8, 1936	I	107
YEAR 1936		
Exhibit 80—Ledger page entitled "Missouri Impounded Premiums Held by Trustee—Expenses" Standard Fire Insurance Company of New Jersey, 1936	I	393
Exhibit 208—List of Trustees of Insurance Executives Association for year 1936	II	407
Exhibit 292—Sheet entitled "Legal Expense" Account No. 100, year 1936, Automobile Insurance Company	III	149
SEPTEMBER 21, 1937		
Exhibit 224—Letter to Scottish Union & National Insurance Company from Internal Revenue Agent, dated September 21, 1937	II	483
Exhibit 224a—Report of Internal Revenue Agent enclosed with Exhibit 224	II	484
DECEMBER 28, 1937		
Exhibit 301—Letter from C. R. Street to Mr. Folonie, dated December 28, 1937	III	218
JULY 15, 1938		
Exhibit 286—Letter from Mr. Linde to Mr. Roche, dated July 15, 1938	III	147-148
FEBRUARY 24, 1939		
Exhibit 329—Report of Robert J. Folonie, Surviving Trustee, and Ernest A. Henne, Successor Trustee, dated February 24, 1939	III	437-472
MARCH 20, 1939		
Exhibit 185—Circular letter of Insurance Executives Association, dated March 20, 1939	II	239

	Vol.	Page
JUNE 30, 1939		
Exhibit 335—Statement of various accounts taken from Custodian's record as of June 30, 1939—amounts as to each company of the total impounded distribution to the companies; distribution to the Trustees; balance on hand; amount returned to custodian by each company	III	523-531
AUGUST 1, 1939		
Exhibit 225—Letter from C. Claussen to Homer H. Berger, dated August 1, 1939	I	330
AUGUST 3, 1939		
Exhibit 234—Certificate of Frederick B. Sweet in re George G. Bulkley, dated August 3, 1939	II	530
Exhibit 235—Affidavit of George G. Bulkley, dated August 3, 1939	II	531
AUGUST 4, 1939		
Exhibit 248—Letter from J. P. Rodgers to Paul L. Haid, dated August 4, 1939	III	21
Exhibit 249—Letter from J. P. Rodgers to Paul L. Haid, dated August 4, 1939	III	22
Exhibit 277—Certificate of Dr. G. Gardiner Russell, in re Alfred Stinson, dated August 4, 1939	III	133
AUGUST 26, 1939		
Exhibit 318—Copy of letter from Mr. Jessup to Morrison, Nugent, Berger, Byers & Johns, dated August 26, 1939	III	309
SEPTEMBER 1, 1939		
Exhibit 319—Copy of letter from Mr. Jessup to Morrison, Nugent, Berger, Byers & Johns, dated September 1, 1939	III	317
SEPTEMBER 12, 1939		
Certificate of Reporter, dated September 12, 1939	III	535
MISCELLANEOUS		
Exhibit 1—List of cases pending	I	9
Exhibit 77—Memorandum showing impoundings and amount of check of Standard Fire Insurance Company of New Jersey	I	392
Exhibit 81—Ledger page entitled "Legal Expenses" Standard Fire Insurance Company Years 1936-1938	I	393
Exhibit 133—Page from Ledger of Hanover Fire Insurance Company, entitled "Home Office" Years 1936, 1937 and 1938	II	15

	Vol.	Page
Exhibit 134—Page from Ledger of Hanover Fire Insurance Company, entitled "Legal Expenses," Years 1935-36	II	15
Exhibit 204—Extract from Articles of Association of Insurance Executives Association, showing purposes	II	360
Exhibit 206—List of companies arranged as to groups, showing 11% payment total impounded premiums and 5% of impounded premiums	II	366-370
Exhibit 209—List of companies in Missouri Rate Case in Federal Court not affiliated with Insurance Executives Association	II	408
Exhibit 320—List of plaintiff companies showing number of each case and group affiliations	III	327-331
Exhibit 333—List of plaintiffs not parties to motion for restitution in Aetna vs. Hyde and not parties to the judgment of restitution	III	515-516
Exhibit 334—List of companies that were parties plaintiff in Aetna vs. Hyde, but were not parties plaintiff in any of the Federal Court cases	III	516-517

ROBERT C. WEIGEL, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Mr. Holman.

Q.1. State your name, please. A. Robert C. Weigel.

Q.2. Mr. Weigel, what position did you hold with the Rhode Island Insurance Company in the year 1935? A. Secretary and comptroller.

Q.3. Did you hold that same position in 1936? A. That is right.

Q.4. And did you hold that same position with the Guaranty Fire Insurance Company and the Merchants Insurance Company during those two years? A. I did with the Merchants Insurance Company of Providence. The Guaranty Fire Insurance Company was merged with the Merchants in 1932.

Q.5. As an official of the Merchants Insurance Company at that time you had to do with the affairs of the Guaranty Fire Insurance Company? A. That is right, automatically.

Q.6. Were you familiar with the Missouri rate litigation that began about 1930? A. That is right.

Q.7. I am speaking of the federal court cases. A. That is right.

Q.8. You knew that the litigation on behalf of your company and the other companies was being handled by Mr. Street of the Subscribers' Actuarial Bureau? A. As Chairman of that bureau.

Q.9. And you made no objection to that? A. None.

Q.10. I will ask you whether or not you heard in 1935 or learned in some manner that this rate litigation had been settled or that a settlement agreement had been entered into. A. Sometime in the latter part of 1935.

Q.11. And in 1936, February, 1936, did you receive a letter from the Subscribers' Actuarial Committee advising of the approval of this settlement? A. I did.

Q.12. By the federal court, and that letter, I believe, set out the terms of the settlement? A. That is right.

Q.13. And you are, therefore, familiar with those terms? A. That is right.

Q.14. Briefly they were that the companies would immediately receive 50 per cent, the policyholders would immediately receive 20 per cent, and that 30 per cent

would be turned over to Mr. Street and Mr. Folonie as trustees out of which to pay all expenses in connection with the litigation? A. That is right.

Q.15. And I presume it followed that if all of it was not used for expenses, the balance of that 30 per cent would be prorated back to the company? A. We never had any indication of how great those expenses might be.

Q.16. But you understood that that money in no event would go to the policyholders? A. Yes, sir.

Q.17. Therefore, if it was not used for expenses, it would come back to the company? A. We expected it to.

Q.18. In fact, the settlement had previously been referred to as the 80-20 settlement. A. That is right.

Q.19. Meaning that 80 per cent was to go to the companies? A. That is right.

Q.20. Now, when you learned of this settlement you made no objection to it on behalf of your company? A. None whatsoever.

Q.21. You were satisfied with what the committee and its agent— A. (Interrupting) Very glad to have it settled.

Q.22. That is fine.

(Photostatic copy of check, handed to the reporter, was marked for identification as "Defendants' Exhibit 241, EFM.")

Q.23. I will hand you Defendants' Exhibit 241 and ask you to identify that exhibit. A. That is our check.

Q.24. Your check payable to C. R. Street, Agent? A. Yes.

Q.25. That is the check of the Rhode Island Insurance Company? A. That is right.

Q.26. Now, will you tell me how that check happened to be drawn? A. A telephone call came in the afternoon to the attention of Mr. J. B. White, vice-president. I happened to be the disbursing officer of our companies, and that telephone call in turn was turned over to me. Mr. Erskine in Mr. Haid's office was on the other end of it. He asked us to send a check representing 5 per cent of the refunded amounts payable to Mr. C. R. Street, Agent, and forward it on to the Insurance Executives' Association office, which we did. At the time we inquired as to the reason for the check we were told it was to expedite the forwarding of the refund check to us representing the 11 per cent refund that we anticipated receiving, and we were told that this represented the ex-

penses, which were referred to as legal expenses at the time. I wouldn't swear to that.

Q.27. But you were told that that was to expedite the forwarding of the 11 per cent so-called dividend checks? A. That is right.

(Instruments, handed to the reporter, were marked for identification as "Defendants' Exhibits 242, 243, 244, 245, 246 and 247, EFM.")

Q.28. I wish to call your attention to Defendants' Exhibit 244, and ask you to read that and after reading it, state whether or not that 11 per cent check was received the same day that the 5 per cent check was issued? A. The 11 per cent check was received the same day that the 5 per cent check was issued by us.

Q.29. Then the 11 per cent check had no doubt been prepared and signed by the trustees before you were ever contacted? A. That is right; we took about 48 hours to draw that check.

Q.30. Then what did you mean by your statement that you understood it was to expedite the payment of the 11 per cent dividend? In other words, was it a matter where they were saying, "We won't pay you the 11 per cent unless you pay 5 per cent"? A. We got no such impression out of that. The only reason our check didn't precede the date that they received their check was because our office didn't work fast enough to get it out the same day we got the telephone call.

Q.31. Did you tell Mr. Erskine that you would receive the checks? A. We told him we would send the check. We didn't say the same day and we weren't asked to send it the same day. We were simply asked to send it, which we did, but we happened to receive their check the same day that we sent ours. In the case of one company—

Mr. Holman: I wish to offer in evidence Defendants' Exhibits 241, 242, 243, 244, 245, 246 and 247.

(Which said Defendants' Exhibits 241, 242, 243, 244, 245, 246 and 247, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

Rhode Island Insurance Company

No. 9500

As Payment in Full of Following Items

Providence, R. I. MAR 26 1936

Inp. Prems?

Pay EXACTLY $2938 & 42 CTS. Dollars $2938.42

319

C. R. Street, Agent.

TO
INDUSTRIAL TRUST COMPANY
57-34 PROVIDENCE, R. I.

[redacted]

FEDERAL RESERVE BANK OF BOSTON 5-1

MAR 30

PAID THROUGH THE CLEARING HOUSE

P 11 M

MAR 28 1936

THE ... AND TRUST
CHICAGO
... BANKER

Providence, R. I.

As Payment in Full of Following Items

Issue: Impounded Premiums

Pay EXACTLY $1010.90 Dollars $ 1010.90

to the order of C. . Street, gent
New York City, New York

TO
INDUSTRIAL TRUST COMPANY
57-34 PROVIDENCE, R. I.

Vice-President President

Secretary

5

For: Mr. J. B. White:

	11% payment on expired premiums		Expired premiums 1 May 1933 to 1 May 1934		5% Expired premiums.
Rhode Island Ins. Co.	$5,825.77		52,961.55		
Guaranty Fire Ins. Co.	638.76	6,464.53	5,806.88	58,768.43	2,938.42

- - - - - - - -

Two checks herewith. Please send here one check for $2,938.42 payable to C. R. Street, Agent.

2648.08
290.34

6

$2,938.42

March 26,1936

r. C. R. Street, Agent
c/o Insurance Executives Association
116 John Street
New York, N.Y.

ear Sir: ATTENTION: Mr. Erskine

We wish to acknowledge receipt of your checks in payment f 11% of impounded premiums of the Rhode Island in the amount f $5,825.77 and of the Guaranty Fire in the amount of $638.76.

As requested, we are attaching Rhode Island check in the mount of $2938.42 payable to C. R. Street, Agent which represents % of the impounded premiums for the Rhode Island and the Guaranty ire.

Yours very truly

CW/FW
I
nc.

Secretary

D-2446

8

March 25,1926

Mr. C. R. Street, Agent
c/o Insurance Executives Association
116 John Street
New York, N.Y.

Dear Sir:

We received today, a payment of 11% on the Missouri Impounded Premiums for the Rhode Island Insurance Company, and for the Guaranty Fire Insurance Company. No payment was made to the Merchants Insurance Company of Providence and on the same basis as the payment to the Rhode Island and the Guaranty, there would be due the Merchants, $1,225.96.

Kindly advise us when we may expect to receive this settlement.

Yours very truly

RCW/FW
E

Secretary

ESTERN DEPARTMENT
30 SOUTH MICHIGAN AVENUE
POST OFFICE BOX 788
CHICAGO

Great American Insurance Company New York

C R STREET
VICE PRESIDENT

G D GREGORY
SECRETARY

CHICAGO March 28, 1936.

r. Robert C. Weigel, Secretary,
Merchants Insurance Company,
Providence, R. I.

ar Sir:

Your letter of the 26th, addressed to me in care of the Insurance xecutives Association -

Check for the Merchants was drawn at the same time as those for the hode Island and Guaranty, but it just so happens there were three companies n the list by the name of "Merchants" and all three were laid aside with the ntention of checking up a little further to see which one was which.

Since you say $2,223.98 is what is due you, it is easy to see who hould have Check No. 215 for that amount, and it is herewith enclosed.

You can send me your check either here or care of the Executives As- ociation, your check on the same basis as you have paid for the Rhode Island.

Thanking you for your attention, I remain

Yours very truly,

C R Street

Miss Sewell

D 246

10

March 31, 1936

Mr. C. R. Street, Agent
c/o Insurance Executives Association
116 John Street
New York City, N. Y.

Dear Sir:

We acknowledge receipt of check for $2,223.98 in payment of 11% of the Missouri Refunds of the first Bracket. Our check in the amount of $1,010.90 payable to Mr. C. R. Street, Agent is attached which represents 5% of the net premiums.

Yours very truly,

FWB/DT
Mer.
Att.

Collection Manager

D247

Q.32. Now, I wish to call your attention to Defendants' Exhibit 242 and ask you if that is the same kind of a check only for the Merchants Insurance Company? A. That is right.

Q.33. One of your group. I wish to call your attention to Defendants' Exhibit 243, and ask you to state what that is. A. That is a memorandum that was attached to the check indicating the makeup of that particular check and a request that we send one check payable to C. R. Street, Agent, for $2,938.42.

Q.34. That memorandum accompanied the checks from Mr. Haid's office? A. That is right.

Q.35. That was not prepared in your office? A. No.

Q.36. Now, at that time you received no check for the Merchants? A. And we wrote to Mr. Street.

Q.37. That was your letter of March 25th, Defendants' Exhibit 245? A. That is right.

Q.38. And Mr. Street in his letter, Defendants' Exhibit 246, explained why that had not been sent, and sent the check? A. That is right. There were three other companies with similar names and he couldn't tell which check was ours and which belonged to the others.

Q.39. And on March 31st, the agent of the Merchants connected with this group of companies sent him the 5 per cent check for that company? A. Yes.

Q.40. Now, state again, if you will, what your understanding was as to what this money was being collected for at the time it was requested by Mr. Erskine? A. Legal expenses connected with the distribution of that portion of the 30 per cent which was being returned to the companies.

Q.41. Do you mean that you interpreted that to be legal expenses for the work of returning this 11 per cent? A. Legal expenses in connection with that litigation, that is right.

Q.42. Oh, I see, the whole litigation? A. That is right, all part of the general expenses.

Q.43. All right. That was in March, 1936? A. That is right.

Q.44. You testified that you knew in February, 1936, that 30 per cent had been turned over to the trustees for the purpose of paying expenses. Didn't it seem unusual or strange to you that they would give you a dividend out of this money and then ask for a check back payable to Mr. Street as agent rather than trustee? A. Not at all.

Q.45. Just explain why it did not. A. Well, Mr. Street was chairman of the Subscribers' Actuarial Committee and there was no reason in the world why we should question his word. His reputation was very good, highly satisfactory. The entire litigation was rather involved and complicated and at times rather confusing.

Q.46. But you understood, did you not, that Mr. Street and Mr. Folonie as trustees had the money to pay these expenses, or had the right to pay these expenses out of that 30 per cent, didn't you? A. We were made aware of that fact, but I rather doubt we stopped to consider it that far.

Q.47. Didn't it occur to you that there must be some reason why they wanted to get this money out of their account as trustee and get it over into another account so they wouldn't have to account to the Court for the use of it? A. That is not usual.

Q.48. I say, didn't that occur to you? A. No.

Q.49. Do you mean to tell me that this transaction did not seem at all unusual to you? A. Not at the time.

Q.50. Does it now? A. In the light of the testimony I heard today, I would say it would.

Q.51. You have been here in the room for sometime? A. Practically all day.

Q.52. Isn't it your custom in paying out money to find out definitely what the payment is for? A. Absolutely.

Q.53. And you were satisfied with the statement merely that this was for legal expense? A. I wouldn't put it that way. We were never satisfied that the entire accounting had been completed, and we are not satisfied today that it has been entirely completed.

Q.54. All right. This was in March, 1936. Mr. Street died February 1, 1938, almost two years later. Did you or anyone else connected with your company ever ask Mr. Street for an accounting of that money? A. We never considered Mr. Street as any particular representative of ours. We considered the Subscribers' Actuarial Committee as our representative.

Q.55. Did you or anyone else connected with your company? A. We never questioned Mr. Street.

Q.56. And you never questioned the Subscribers' Actuarial Bureau or Committee, did you? A. Not in connection with that 5 per cent check.

Q.57. And almost two years had gone by? A. Yes.

Q.58. Did you ever think about what happened with that money? Did it ever occur to you to make any inquiry? A. We hoped some day to get an accounting which would explain to us in detail what the total expenditures are in connection with that 30 per cent refund and what our prorata proportion of it is.

Q.59. Did you or anyone else in your company that you know of ever attend any meeting in New York, Hartford or any other place in which this Missouri litigation was discussed? A. Absolutely not.

Q.60. Have you told here everything that you know about this Missouri litigation, particularly that portion leading up to the settlement and that part of the affair relating to the collection of this money after the settlement? A. I have positively, yes.

Q.61. Is there anyone else connected with your company that would likely know any more about it than you do or anything in addition? A. I don't believe so.

Q.62. At that time was Mr. Byron S. Watson the president of your company? A. Byron S. Watson, yes.

Q.63. Did he have anything to do with this Missouri litigation, that you know of? A. He turned all of those matters over to me.

Q.64. I believe this memorandum was directed to Mr. Jesse B. White. Did you go over this matter and discuss that with him when he came back? A. The reason for that is that Mr. Watson was away from the office on a business trip.

Q.65. You mean Mr. Watson or Mr. White? A. Mr. Watson, so the telephone call, instead of being addressed to Mr. Watson, was addressed to Mr. White.

Q.66. He is vice-president? A. Executive vice-president and he in turn transferred the telephone call to me.

Q.67. Why did he do that? A. Because I was handling the Missouri impounded refund account, and it happens to be my particular activity in the company.

Q.68. In other words, his lack of knowledge regarding the matter caused him to refer it to you? A. That is right. He just told the switchboard operator to transfer the call to my phone.

Mr. Holman: That is all.

Cross Examination by Mr. Bullitt.

XQ.69. Did you or anybody in the Rhode Island Company, so far as you know, ever ask Mr. Street at any

time to do anything for them in connection with your Missouri rate litigation? A. I can say positively no.

XQ.70. Did you or any other officer of your company, as far as you know, ever authorize Mr. Street to pay or know that Mr. Street may have paid any money for bribery or any money to induce anybody else, either official or otherwise, to agree to this compromise settlement of May, 1935, and February 1, 1936? A. We did not.

Mr. Bullitt: That is all.

(Witness excused.)

JOHN R. COONEY, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. State your name, please. A. John R. Cooney.

Q.2. Where do you live, Mr. Cooney? A. Newark, New Jersey.

Q.3. What is your connection with the Firemen's Insurance Company group? A. President.

Q.4. I think it is already in evidence from the Chicago witnesses as to what companies constituted this group. However, I will redictate it, the Concordia, the Firemen's, the Girard Fire and Marine Insurance Company, Mechanics, Milwaukee Mechanics, National Ben Franklin, the Superior, Pittsburgh Underwriters? A. Correct, sir.

Q.5. They were all involved in the Missouri rate litigation in the federal courts? A. They were.

Mr. Berger: By way of explanation, the Pittsburgh Underwriters did not have any separate case. They had a separate impoundment similar to the Underwriters Grain Association like we had in Chicago.

The Special Master: The Western Underwriters is not an insurance company.

A. May I explain, the Underwriters Agency is not a corporation?

The Special Master: That is what I thought. It has an agency, but it does not carry the risk, is that the idea?

A. Yes, sir.

Mr. Berger: It hasn't any separate case. It had a separate impounding because the companies for which it wrote policies all didn't have cases, and there was a separate impoundment so that is why there was a separate

restitution check made to them, even though they were not a party plaintiff in any case.

Q.6. (By Senator Hollingsworth) Your connection with these companies in 1935 and 1936 was what? A. President.

Q.7. I believe you had a Western Department? A. Yes, sir.

Q.8. Who was the head of that Western Department? A. Herbert A. Clark, as vice-president.

Q.9. Was any part of the Missouri litigation, rate litigation handled out of the home office? A. None, to my knowledge, except the accounting, the home office accounting.

The Special Master: Except the home office what?

A. Accounting.

Q.10. (By Senator Hollingsworth) Were all of the matters in connection with the Missouri rate litigation handled through the Western Department? A. They were.

Q.11. And then as the accountings for each month came in, any disbursements or receipts would be shown on that? A. The totals.

Q.12. In totals? A. Yes, sir.

Q.13. Did any person ever transact with you any business in connection with the Missouri rate litigation? A. Previous to this difficulty, no, sir.

Q.14. That is, previous to this year, 1939? A. Yes, sir.

Q.15. And who contacted you then in 1939? A. Mr. Clark.

Q.16. What was the occasion of Mr. Clark getting in touch with you? A. I will answer the question a different way. I contacted Mr. Clark.

Q.17. To find out what it was about? A. Yes, sir.

Q.18. Did you talk to Mr. Clark concerning the matter? A. I did on numerous occasions.

Q.19. What did he tell you? A. Well, I attempted to find out from him what all he knew about the settlement.

Q.20. What did he say? A. Well, just about what he testified before you in Chicago.

Q.21. How do you know, have you seen his testimony? A. A portion of it, yes, sir.

Mr. Berger: I think he means the newspaper account.

Q.22. (By Senator Hollingsworth) Where did you get the information? A. I believe it appeared in one of the local papers or he dropped me a note.

Q.23. And he told you what it was? A. I don't know that he went into all of the detail of the testimony.

Q.24. Well, can you state what he said? A. No.

The Special Master: Mr. Hollingsworth, on what theory is this competent?

Senator Hollingsworth: Well, Mr. Clark is the man who handled it, and any statement made at any time by Mr. Clark would throw a lot of—

A. (Interrupting) I think he has given it to you.

The Special Master: I don't understand on what theory—

Senator Hollingsworth (Interrupting): In the nature of admission.

The Special Master: As to what he knew about it?

Mr. Murphy: As to what he testified wouldn't be an admission.

Mr. Berger: Are you putting on this witness to impeach Mr. Clark's testimony?

Senator Hollingsworth: No, I am not trying to impeach him, as an admission against the company.

The Special Master: Are you offering it as an admission on the theory that as to this matter he was the managing officer of the company?

Senator Hollingsworth: He was the managing officer of this litigation.

The Special Master: I will let it in.

Q.25. (By Senator Hollingsworth) What did Mr. Clark tell you? A. Well, what do you want me to tell you what he told me? Do you suppose that I can recall at this late date our personal conversation with all of the other work that I have to do?

Q.26. I am asking you if you can.

Mr. Berger: I think the form of the question is rather hazy.

The Special Master: It is, but just the same, if the witness can answer, why, that is sufficient. If the witness says he can't, that is the end of it.

A. Well, I will do the best I can for you. Is that all right?

Mr. Berger: That is all you can do.

The Special Master: More than satisfactory.

A. I asked Mr. Clark if he had any personal knowledge of what became of that 5 per cent that was paid

to Mr. Street as agent or the check was so designated, and he told me, no, he did not.

Q.27. (By Senator Hollingsworth) Did Mr. Clark tell you that he helped to assemble the checks for Mr. Street? A. No, sir.

Q.28. Was Mr. Clark a member of the Actuarial Committee? A. As I recall it, he was.

Q.29. Did he tell you that the Actuarial Committee had any knowledge concerning these checks?

Mr. Berger: I object to the form of that question. He can ask him what he told, but asking what he didn't tell—

The Special Master: No, no, he asked him did he tell him that.

A. Will you repeat your question?

Senator Hollingsworth: Read it.

(Question read.)

A. I don't know as I asked him that specific question, but it is certain that the members of the Actuarial Committee knew that these checks were being received. Mr. Clark, being a member of it, he must have known it.

The Special Master: You are reasoning now.

A. No, I am positive. I know that our company gave checks, and Mr. Clark signed the checks, to the best of my knowledge, so he, Mr. Clark, must have known it.

The Special Master: What you say may be perfectly logical, but he is trying to ask you what Mr. Clark told you about it. Do you get what I mean?

A. No, sir, I am sorry.

The Special Master: I know that that is difficult to comprehend, but he is now trying to find out the substance of the conversation that Mr. Clark had with you. Do you see the point?

A. Yes, sir. Could I attempt to elaborate a little?

The Special Master: He is not asking you what must have happened, but he is trying to find out what Mr. Clark said to you when he talked to you about the matter.

A. Well, our conversation and my questions of Mr. Clark, of course, were after this matter became knowledge, public knowledge. Therefore, I wouldn't question him as to the details of the accumulation of these checks. What I was personally interested in was knowing how much Mr. Clark knew.

Q.30. (By Senator Hollingsworth) What did Mr. Clark tell? A. Just as I tell you, that he knew nothing of the distribution of this so-called 5 per cent.

Senator Hollingsworth: I think that is all.

Mr. Berger: We have no questions.

(Witness excused.)

GILBERT KINGAN, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. State your name, please. A. Gilbert Kingan.

Q.2. Mr. Kingan, what is your connection with the London & Lancashire group? A. I am the manager of the Eastern Department and the attorney of the company for the United States, president of the Orient Insurance Company and president of the Safeguard Insurance Company, and United States Manager of the Law Union and Rock.

Q.3. Do you have any control whatever over the Western Department? A. No control whatever, unless anything of very serious nature arose there, then I would be able to step in. For instance, on the death of the manager I would be deputed to investigate and report to London.

Q.4. When did you first hear of any discussion in regard to the settlement of the Missouri rate cases? A. In May, 1935.

Q.5. Did you attend a meeting here in Hartford? A. I did.

Q.6. Who called that meeting? A. I really can't say offhand. It is not unusual in Hartford that in matters of mutual interest, for the one we look upon as the senior president to invite us to a meeting place.

Q.7. Did you have any advance knowledge of what the meeting was to be? A. If I had I wouldn't have known, not being interested in Missouri.

Q.8. But you went to the meeting? A. I went to the meeting.

Q.9. Who was present at that meeting? A. I recollect Mr. Bissell, I think Mr. Milligan of the Phoenix and Mr. Long, Mr. Vreeland, Mr. Clark, I think Mr. Safford was there, and I rather think Ewing was away, Mr. Stinson of the Automobile and Mr. Ross McCain of the Aetna. The meeting was held in the Aetna board room.

Q.10. Did you name Mr. Layton? A. No, I wouldn't say definitely that Colonel Layton was there. I rather think he wasn't.

Q.11. Can you think of anyone else besides, of course, Mr. Street? A. Mr. Street was there, and I am not too sure that Mr. McCain wasn't supported by Mr. Sloan. He may have been, but I wouldn't swear to it.

Q.12. And Mr. Sloan is also with the Aetna? A. Yes, he is vice-president.

Q.13. Now, did Mr. Street address the meeting there? A. Yes, Mr. Street did address the meeting.

Q.14. Will you tell us as fully as you can the statements made by Mr. Street? A. I am afraid I can't give you any statement in detail because I wasn't acquainted with the Missouri case in any way at all. The only thing I knew of it as affecting our companies was the fact each year it was necessary to carry a reserve in our various annual statements, all the details being furnished along with other annual statement data by Mr. Claussen, our Chicago manager. I do recollect quite, I will say, a long statement of the difficulties that the companies had been faced with, which naturally, not being acquainted with the case, I didn't follow in detail, and ultimately the statement that certain expenses had been incurred, and as a preliminary to meeting those expenses, companies were invited to make contributions to meet initial expenses, none at that time, as I understood it, having been paid.

Q.15. Did you make any memorandum of what occurred at the meeting? A. No; Mr. Street requested a contribution from me and I told him that Missouri was absolutely outside of my jurisdiction, that if he required a check it would be necessary for him to obtain it from Mr. Claussen. I inquired of him whether he would like me to write Mr. Claussen or whether he would see him when he got back to Chicago. He said he would see him, so I didn't even write to Mr. Claussen.

Q.16. You never wrote to any person in connection with it at all? A. No.

Q.17. Never undertook to fix any of the details in your mind? A. No necessity for it, inasmuch as Mr. Street had definitely stated to me that on his return to Chicago he would explain the position to Mr. Claussen.

Q.18. What was your understanding about the money being returned if the compromise was not effected? A. The question never arose in my mind for

the simple reason it was my understanding that it was quite an expensive case and no expenses at that time had been paid. It was simply a case of collecting in a quick way something to meet a portion of the expenses which naturally arise out of a long lawsuit.

Q.19. Well, he was talking about a compromise of the case, was he not? A. That is my recollection.

Q.20. Did he undertake to state what effeorts he had made or what negotiations he had had? A. Not that I can remember.

Q.21. So you simply remember the general trend of it? A. The general trend.

Q.22. And not the details? A. If details had been mentioned, I couldn't have understood them, not being acquainted, as I said before, with the details of the case.

Senator Hollingsworth: I think that is all.

Mr. Berger: We have no questions.

The Special Master: The principal thing that impressed you was that so far as your company was concerned, he had taken it up with the wrong man?

A. That is right.

(Witness excused.)

(Instruments, handed to the reporter, were marked for identification as "Defendants' Exhibits 248, 249, 250, 251 and 252, EFM.")

Judge Henson: Mr. Berger, I have caused the stenographer to mark Defendants' Exhibits 248 and 249, the letters of transmittal, 250, 251 and 252.

Mr. Berger: This letter explains the item there.

Judge Henson: And I understand that Mr. Rodgers went home and found these exhibits and wanted to add them to his testimony, and it is very agreeable to us. We would like to introduce them. I now offer in evidence these exhibits.

Mr. Berger: In connection with the testimony of Mr. John J. P. Rodgers, with the Insurance Company of the State of Pennsylvania, which was taken in New York on August 3rd.

Judge Henson: Yes.

(Which said Defendants' Exhibits 248, 249, 250, 251 and 252, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

"DEFENDANTS' EXHIBIT 248.

Incorporated 1794

The Insurance Company
of the
State of Pennsylvania

308-310 Walnut Street
Philadelphia

August 4, 1939.

Mr. Paul L. Haid,
116 John Street,
New York, N. Y.

Dear Mr. Haid:

Re: Missouri Investigation.

During my examination yesterday I was asked about the letters I wrote dated February 18th and 19th referred to in letter from Hicks and Folonie dated February 24, 1936. I do not know whether the questions put to me were intended as a test of my willingness to produce these letters or a request. The same condition obtains as to the questions asked about the original memorandum from which the check was drawn and referred to as a voucher by the examining counsel.

I have examined our file and find all of these papers and in order that they may be available if wanted, I am sending photostatic copies of them to you herewith. Will you please inquire whether they are wanted for the record and, if so, deliver them? The enclosures are:

Photostatic copies of two letters addressed to the Subscribers Actuarial Committee and dated February 18th and 19th, 1936.

Photostatic copy of the memorandum made for our cashier from which the check was made and the transaction recorded in the cash book.

This latter item was evidently torn from my calendar pad and you will note shows at the bottom the month and day corresponding to the date of our check.

Thank you for your attention to this.

Very truly yours,

Jno. J. P. Rodgers
Vice President

JJPR/MS"

"DEFENDANTS' EXHIBIT 249.

Incorporated 1794
The Insurance Company
of the
State of Pennsylvania

308-310 Walnut Street
Philadelphia

August 4, 1939.

Mr. Paul L. Haid,
116 John Street,
New York, N. Y.

Dear Mr. Haid:

Receipt of the photostatic copy of the voucher item reveals additional words which were not on the original.

The photostatic copy was made outside our office. The clerk handling it wrote the words "3-of each—State of Penna.".

I thought it was better to let these words stand rather than erase them and have new copies made.

Very truly yours,

Jno. J. P. Rodgers
Vice President.

JJPR-MX"

Share

February 18, 1936.

Subscribers Actuarial Committee,
222 West Adams Street,
Chicago, Illinois.

Gentlemen:

RE: Missouri Rate Case -
-Federal Court -

We have received from Custodian Kemper $16,500. par value Federal Farm Mortgage Corporation 3½% bonds, on account of our money which he has impounded. It, however, is less than the 50% which we expected to get in accordance with your letter of February 4th. Fifty per cent of the premiums for the period June 1, 1930 to April 30, 1935 is $18,766.87.

Before calling this to Mr. Kemper's attention, we thought it better to communicate with you and find out whether we may expect a remittance of the balance rather than raise the question with Mr. Kemper. We would also like to know whether these bonds represent a payment on any other basis than the par value of $16,500. or some other sum like the cost when they were purchased.

Will a statement be prepared showing the sums due each company and the payments made to each which would show how each account has been credited?

What prompts this letter is the question which arises as to the basis of cost for these bonds which should be set up in our books.

Very truly yours,

JJ"R/MS

Vice President.

#1764

CR Contingent

3- of each -

STATE OF PENNA.

Tuesday, March 24

February 19, 1926.

Subscribers Actuarial Committee,
822 West Adams Street,
Chicago, Illinois.

Gentlemen:

RE: Missouri Rate Case - Federal Court

We received today a carbon copy of the letter Custodian Kemper sent to our Bank here in reference to the shipment of the $16,500. worth of bonds on which has been typed the following:

"Bonds are to be charged to you at Market value reflected by closing quotation on the New York Stock Exchange at the close of business on the last business day preceding the date of our ordering the shipment. Please advise whether or not the following figures are correct:

Principal	$16,500.00	Premium	$495.00
Price	103	Accrued Interest	217.48

W. T. Kemper, Custodian."

This will answer our question as to the basis upon which our account will be credited and also the basis of cost for bookkeeping purposes about which we wrote you yesterday.

Very truly yours,

JJPR/MS

Vice President.

D 752

The Special Master: We will adjourn until nine o'clock tomorrow morning.

Whereupon, the further taking of testimony in said case was adjourned until nine o'clock a. m. of Tuesday, August 8, 1939.

MORNING SESSION, TUESDAY, AUGUST 8, 1939.

Pursuant to adjournment as aforesaid, at nine o'clock a. m. of said Tuesday, August 8, 1939, came again the same parties, present and presiding as before, and the taking of testimony continued as follows:

ESMOND EWING, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. State your name, please. A. Esmond Ewing.

Q.2. Mr. Ewing, what is your connection with The Travelers Fire Insurance Company? A. I am the vice-president and secretary of the company.

Q.3. And was that your position in the years of 1935 and 1936? A. It was.

Q.4. Did you have anything to do with the matters in connection with the compromise of this litigation in 1935 and 1936? A. No, I did not, except that I am responsible for the actions of the officers of my company.

The Special Master: We don't care anything about responsibility. We want to know facts. We want to know things that you did.

Q.5. (By Senator Hollingsworth) Who handled that matter? A. Mr. Safford, who is vice-president and assistant secretary of the company.

Q.6. Did he consult with you about it? A. If you have reference to the meeting which was held in Hartford, is that to what you refer, sir?

Q.7. Yes. A. I was out of town when that meeting was held. Mr. Safford attended the meeting and upon my return to town he acquainted me briefly with what had taken place.

Q.8. What did Mr. Safford tell you had occurred at the meeting of some Hartford insurance men here in May of 1935 in connection with this settlement? A. My recollection is that Mr. Safford told me that Mr. Street in Chicago had come to Hartford in order that he might see all of the executives at one time. There had been

called a meeting; who called it, I don't know. Mr. Safford attended and Mr. Street informed them, my recollection is, that it was possible for him to compromise the case in some way and he needed some money for attorneys' fees.

The Special Master: You are now talking about—

Mr. Bullitt: (Interrupting) What Mr. Safford told him.

A. This is what Mr. Safford told me, is my recollection, but I am not very clear.

Q.9. (By Senator Hollingsworth) He didn't undertake to give you the details of the conversation? A. No.

Q.10. Had you heard anything about the compromise prior to the time Mr. Safford reported to you? A. No.

Q.11. You had never heard it discussed in any way? A. No, sir.

Q.12. Didn't know that any negotiations were going on? A. No, sir.

Q.13. Did Mr. Safford go into detail with you as to the nature of this expenditure of $100,000.00? A. No, sir, I didn't even know it was $100,000.00.

Q.14. Just knew that some money was raised? A. Yes, sir.

Q.15. What did he tell you about the money not being used if the compromise was not made? A. I don't recall that that was discussed, sir.

Q.16. You have no recollection one way or the other about it, is that true? A. That is true.

Q.17. Have you given us as far as you remember the report that Mr. Safford made to you? A. As to that meeting?

Q.18. As to that meeting? A. That was the gist of it, yes, sir.

Q.19. Now, did you ever afterwards discuss this with Mr. Safford? A. Yes, I did, because the next year I did, because—shall I tell you about that?

Q.20. Yes. First tell me the occasion. A. The occasion, I was in my office late one afternoon and I received a long distance telephone message from Mr. Erskine, who is the secretary of the Insurance Executives' Association.

Q.21. Can you fix the time on that? A. It was in March, 1936, while we were having a flood here, I remember that.

Q.22. That was the time you were called upon, I presume, for assessment of 5 per cent? A. He advised

me that they were sending the next day a check for 11 per cent of our impounded premiums, and he gave me the figures, what the check would be, and then he said that he wanted a check for 5 per cent made payable to C. R. Street, Agent. I made a memorandum of that conversation. It was after my secretary had left for the day. I turned it over to the accountant to check the figures to see if they were correct. He reported they were correct and the next day when I saw Mr. Safford, I turned the matter over to him to receive his attention.

Q.23. What did Mr. Erskine tell you that the 5 per cent was for? A. I have no definite recollection of my telephonic conversation with Mr. Erskine at all. As a matter of fact, I didn't even remember that I had such a conversation with Mr. Erskine until Mr. Safford advised me on Sunday that I had.

Q.24. Did you refresh your recollection from a memorandum or strictly from Mr. Safford? A. Yes, Mr. Safford has the pencil memorandum that I wrote him.

Q.25. You furnished, I believe, some files or photostatic copies of some files for Mr. Milligan of Kansas City in connection with this matter? A. Yes, sir.

Q.26. I don't find that memorandum in here. A. I can explain why it is not there, sir.

Q.27. All right, if you will do that. A. At the time that we received the request for this data from Mr. Milligan, Mr. Safford was in San Francisco, and I undertook to accumulate the data in conjunction with our auditor who had issued the checks and received the moneys, all under the instructions of Mr. Safford, and I went to Mr. Safford's office and searched for his file and I found a file and it was from that and the data from that that I sent to Mr. Milligan, but it appears that this pencil memorandum that I had written Mr. Safford was in a portion of his desk where I had no access to and I didn't find it, but he has it and is prepared to present it to you if wish it.

Q.28. Now, that memorandum doesn't reflect anything as to what the money was to be used for? A. I believe not, sir.

Q.29. You have personal recollection as to what Mr. Erskine told you about the purpose of the money? A. I have no definite recollection. I have an assumption in my own mind, but I have no definite recollection, no, sir.

Q.30. You knew that that 11 per cent check that you were to receive came out of a 30 per cent fund, do you not? A. Well, I knew it came from the impounded premiums.

Q.31. But you were not familiar with the fact that 30 per cent had been allocated for the payment of expenses? A. Well, I was familiar with that at the time that it was published, what the distribution of the sum was going to be. It was 50, 30 and 20.

Q.32. You recall that the federal court decree was entered in February of 1936, do you? A. I am not definite as to the date, no, sir.

Q.33. Then a circular letter came to the Actuarial Committee in which the terms of the settlement and decree were set out fully. Do you recall that? A. Well, I must have read it. Mr. Safford must have shown it to me, but I have no definite recollection of it, no, sir.

Q.34. Then in about a month, it was in March, I think, of 1936 that you issued your check to Mr. Erskine? A. That is when I had this conversation, yes.

Q.35. Now, at that time don't you recall that you were familiar with the fact that 30 per cent had been allocated for the payment of expenses? A. Well, no, I am not. I must have known it, but I have no definite recollection of it

Q.36. Why was it when Mr. Erskine called on you for this money you didn't ask him the details of what it was for? A. I don't know, except that the matter was turned over to Mr. Safford and he was handling it and my assumption must have been that Mr. Safford was thoroughly familiar with it.

Q.37. Did you discuss with Mr. Safford the reason for the assessment of 5 per cent? A. I don't recall that I did, sir.

Q.38. You have no recollection at all about that? A. None at all. I have no recollection that I had the telephonic conversation with Mr. Erskine.

Q.39. And I assume that Mr. Safford can more adequately identify these various files than you can? A. He can, yes, sir.

Q.40. Have you given us your full knowledge concerning this transaction? A. I have, yes.

Senator Hollingsworth: That is all.

Cross Examination by Mr. Bullitt.

XQ.41. Did you have anything to do with the Missouri rate litigation before this compromise matter came up? A. None.

XQ.42. You weren't handling it? A. No, Mr. Safford, prior to reorganization of the official staff of our company, was manager of our Western Department, and this subject being in the State of Missouri, was a part of the western business and he gave it his personal attention.

XQ.43. Who is your representative out of Chicago of the Western Department? A. We have no Western Department in Chicago. We handle it from the home office and Mr. Safford is in charge of it.

The Special Master: You have a Western Department but you handle it here, is that it?

A. For the sake of convenience we divide the United States and Canada up into regions, and we have what we call the West, and Mr. Safford is in charge of it.

XQ.44. (By Mr. Bullitt) It is all run from the home office? A. Absolutely, yes, sir.

XQ.45. Did you or anybody in The Travelers Fire Insurance Company so far as you know ever authorize Mr. Street to or know that Mr. Street had paid out any money for bribery or in order to influence the action of any person, official or otherwise in procuring this compromise of Missouri rate litigation? A. Certainly not, sir.

Mr. Bullitt: That is all.

(Witness excused.)

CLYDE P. SMITH, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Mr. Holman.

Q.1. Mr. Smith, what is your official relationship with the Hartford Fire Insurance Company? A. I am secretary of the Hartford Fire Insurance Company.

Q.2. As secretary of the Hartford Fire Insurance Company just tell us what, if anything, you had to do with the settlement of the Missouri rate case or the collection of the money thereafter in relation to the case. A. In March, 1936, I sent a check to Mr. Haid for some $25,000.00. That is all I had to do with the case.

Q.3. How did you happen to come to send that check? A. Mr. Haid telephoned.

Q.4. Just relate the conversation over the phone with Mr. Haid. A. Mr. Haid telephoned me and told me there was a check to be sent to us for the return of expenses on this compromise, and he asked—

Q.5. (Interrupting) Did he tell you how much the check would be? A. He told me how much the check was and I can't recollect exactly now, some $50,000.00.

Q.6. Do you remember it was 11 per cent of your impounded funds? A. I don't remember that he said 11 per cent. I remember that he did tell the amount and requested this other check to be sent.

Q.7. All right, go ahead. A. And which was sent. I don't remember much of anything more about the conversation because I knew Mr. Haid personally, don't you know, so that I just simply—I don't remember.

Q.8. Did you testify that he asked you to send him a check for some amount of money? A. Yes, it was a check to be payable to C. R. Street, Agent.

Q.9. And for what amount? A. Twenty-five thousand dollars.

Q.10. Do you remember the percentage of your impounded premiums that that was? A. I didn't know the percentage of the impounded premiums at that time.

Q.11. He just told you a designated amount of money? A. An amount of money that he wanted.

Q.12. What did he tell you that money was for? A. I don't remember that. I assumed it was for additional expenses of the committee.

Q.13. You didn't know and he didn't tell you? A. No.

Q.14. Now, you had been familiar with the fact that this case had been settled in 1935, and that the federal court had approved the settlement in 1936, February 1st, had you not? A. I don't know that I was familiar with all of that, but I knew the case had been settled because we had received bonds from the custodian.

Q.15. For 50 per cent of the impounded premium? A. Approximately.

Q.16. You knew the general terms of the settlement? A. I presume I did.

Q.17. You knew that policyholders were to get 20 per cent? A. I understood that, yes.

Q.18. And that 50 would be paid immediately to the companies, that 30 per cent would be turned over to trustees for the payment of expenses? A. I didn't know whom it was to be turned over to.

Q.19. But you knew it was allocated for the payment of expenses? A. I presume I did, yes.

Q.20. Now, didn't it occur to you as unusual or strange that they would be asking for additional moneys to pay expenses when they had money for that purpose? A. No, it did not, because we have so many committees' things which call for additional expenses, I didn't even think of that part of it, the 30 per cent.

Q.21. You knew that this money you were getting was out of this 30 per cent, did you not, that you had gotten your 50 per cent? A. Yes.

Q.22. And you knew the policyholders were going to get 20 per cent? A. I presumed it was a part of it, yes.

Q.23. And you knew that that money had been allocated for the payment of expenses? A. I think probably I did, yes.

Q.24. Then why didn't you ask him for what reason he wanted this additional money when you knew that he had or that the trustees had money to pay these expenses? A. I assumed that there would be a statement and accounting of the whole thing and that we would get—

Q.25. (Interrupting) Did he tell you there would be a statement or accounting? A. I think he did say there would be a later accounting. It is customary in cases of that kind, don't you know.

Q.26. Well, is it customary to pay this money out just because someone asks you for it without knowing what it is for or trying to find out what it is for? A. Why, in a case of that kind, in a committee case, yes.

Q.27. Mr. Street didn't contact you about the money, did he? A. No.

Q.28. Mr. Haid had no connection with the fire insurance rate litigation, did he? A. Mr. Haid was president of the Executives' Association and I assumed that he was handling the thing for the whole committee.

Q.29. But you knew that the Insurance Executives' Association was not handling this litigation, didn't you?

Who was handling it? Well, answer that question. A. I didn't even think of it, to tell you the truth.

Q.30. Well, who was handling the litigation for the companies? A. I didn't know that.

Q.31. You didn't know? A. No.

Q.32. In other words, you didn't know whether Mr. Haid was in his rightful authority in asking for this money or not? A. I didn't even think of it, didn't even think of it.

Q.33. You didn't make your check payable to him? A. No, I did not. I made it payable to what I supposed was the committee.

Q.34. Well, you made it payable to C. R. Street, Agent? A. Yes, Street, Agent.

Q.35. Is he the committee or was he the committee? A. I suppose so, yes.

Q.36. What committee? A. The committee that was handling the thing, the—what is it, Securities—

Q.37. (Interrupting) Subscribers' Actuarial Committee? A. The Actuarial Committee, I suppose.

Q.38. Didn't it seem strange to you that the Subscribers' Actuarial Committee didn't contact you for this money? A. No, it didn't. It didn't even occur to me.

Q.39. Did you know Mr. Street was one of the two trustees handling this 30 per cent fund? A. No.

Q.40. Did you send out this check to Mr. Street before you received the other check from Mr. Haid's office? A. I didn't send the check to Mr. Street. I sent it to Mr. Haid.

Q.41. I know, but did that check leave your office before you received the dividend check? A. I do not think so. I think our entry on our books will show that it went out the same day.

Q.42. Didn't you look at the dividend check and see that it was signed by C. R. Street and R. J. Folonie, Trustees? A. I can't remember now. I can't remember the check at all.

Q.43. Do you mean to tell this court that you sent out the money simply because Mr. Haid asked you to? A. Well, why not?

Q.44. I am not testifying. I am asking you. A. Well, I had every confidence in Mr. Haid. I supposed it was a regular thing that all of the companies were doing it. I think probably he told me that.

Q.45. But regardless of your confidence in him, didn't you feel it your duty to ask some questions and

find out what this was all about? A. No, because I supposed there would be an accounting; that is customary.

Q.46. Well, Mr. Street lived for almost two years after this transaction. Did you ever get an accounting? A. That is something that would be up to our Western Department.

Q.47. Who is in charge of your Western Department? A. Smith and Wheeler now.

Q.48. It was Mr. Dugan? A. It was Mr. Dugan, yes.

Q.49. Why didn't it occur to you as strange that they didn't contact the Western Department to get this check? A. No, because the previous check that was issued the year before had come from Hartford and it represented a whole group of our companies, you see.

Q.50. That was a check that was isued in May, 1935? A. That is the one, yes.

Q.51. Just tell us all you know about that check. A. Well, as I recall it, Mr. Bissell telephoned me for the check and told me to charge it to suspense. The check was charged to suspense and in December of that year, before the year closed, I asked Mr. Bissell if we could clear that, and so he wrote the Western Department for a check and it was cleared.

Q.52. Now, Mr. Street wanted this money. He was located in Chicago, was he not? A. I assume so.

Q.53. Mr. Dugan, your western manager of your Western Department, was located in Chicago? A. Yes.

Q.54. And if Mr. Street had contacted Mr. Dugan, Mr. Dugan would have had authority to have issued this check, would he not? A. Yes.

Q.55. And it didn't occur to you as strange in any way that Mr. Street there in Chicago didn't contact Mr. Dugan about this matter? A. Which check do you refer to?

Q.56. I am talking about the second check. A. The second check?

Q.57. Yes. A. No, I never thought of it.

Q.58. Isn't Mr. Dugan held responsible or wasn't he for the expenses and losses and, of course, given credit for the profits in the Western Department? A. Absolutely.

Q.59. Did it occur to you that you should have contacted him and found out whether or not he wanted to pay out this large sum of money? A. No, because we

received more than the money and I transmitted to him the difference later.

Q.60. So you sent it out just because you received a larger amount of money? A. It was a Western Department affair, not a home office.

Q.61. But isn't that more reason why you should have been diligent in finding out what it was about? A. Absolutely not because it was up to them to get their vouchers and their statement on the thing.

Q.62. But you were paying out the money. A. It was simply a suspense item to us.

Q.63. But you were paying out the money, were you not? A. I was paying out the money, but—

Q.64. (Interrupting) And really that was the money of the Western Department? A. But it would be eventually charged to the Western Department.

Q.65. Absolutely, you were paying out their money and you didn't consult them? A. No.

Q.66. And you didn't find out what it was for? You didn't ask what it was for; is that right? A. I didn't ask what it was for. There was no reason. It was theirs.

Q.67. Yet this whole transaction doesn't strike you at all unusual or didn't strike you at all unusual or strange? A. No, it did not, and doesn't still. It was a committee matter. We have those.

Q.68. Yes, but you didn't know what committee it was even, is that right? A. I knew it was a committee matter; that was all.

Q.69. You knew, did you not, that it was no part of Mr. Haid's business to be handling this fire rate litigation? A. I didn't know that.

Q.70. Don't you know what the Insurance Executives' Association was created for and what its duties are? A. No, not entirely.

Q.71. Well, what do you know about it? A. I know nothing about that.

Q.72. Did you talk to anyone else in the office about issuing this check? A. Nobody except the other man who signed it. I told him that we were to receive a check for our share of the expenses and this would go out.

Q.73. Who was the other man? A. Mr. Fenn.

Q.74. What is his position? A. He is assistant secretary.

Q.75. Did he ask you what it was for? A. I told him what it was for.

Q.76. What did you tell him it was for? A. I told him it was additional expenses in the case.

Q.77. But I believe you testified that that was your assumption? A. That was my assumption.

Q.78. You didn't know what it was for? Please answer "Yes" or "No." A. I beg pardon?

Q.79. Don't shake your head, answer, if you please. A. Just will you repeat the question?

Q.80. You didn't know what it was for or— A. (Interrupting) What is the context?

Q.81. I say, you didn't know what it was for, what the check was for? A. Well, I think Mr. Haid told me it was for additional expenses.

Q.82. Now, this is the first time you have testified to that.

Mr. Murphy: No, he testified to that a while ago.

Mr. Holman: No, he testified he assumed it was for expenses.

A. I say, I assumed it was for—

Mr. Holman (Interrupting): But Mr. Haid didn't tell him and he didn't ask him. That was his direct testimony, isn't that right?

The Special Master: Well, whether it is or not, if he has any further recollection about the matter.

A. This is just memory.

The Special Master: He is at liberty to state. Do you have any memory about what he said, whether he said it was for additional expense or whether he didn't?

A. Honestly, I don't know.

The Special Master: All right.

Q.83. (By Mr. Holman) That is all right, and as a practical matter Mr. Fenn signed the check because you asked him to? A. Yes.

Q.84. He didn't know any more about it or as much as you did? A. No.

Q.85. Is this all you know about the raising of this money for the transaction? A. Absolutely.

Q.86. Did you attend this meeting in Hartford at the time this other money was collected? A. No.

Q.87. Did you attend any meeting anywhere relating to this fire rate litigation? A. No.

Q.88. You have told us all you know about it? A. I have told you everything I know about it, yes.

Q.89. Did you ever talk to Mr. Street after this check for $25,000.00 was issued? A. I never met Mr. Street in my life.

Mr. Holman: That is all.

The Special Master: Mr. Smith, you were asked if that transaction seemed unusual to you. I am not trying to quote your testimony, but just the substance. And in substance you said that it did not seem unusual because it was a committee matter. Now, don't assume that we people who are not in the fire insurance business understand that explanation. What do you mean by a "committee matter"? Tell us something about what the insurance people mean by a "committee matter" and why that wasn't unusual?

A. Well, so many things are handled by committees, don't you know. There may be a loss; there may be twenty-five companies involved, and every company wouldn't have their own representatives, and we have so many, there are committees, national board, all of those kinds of things.

The Special Master: Tell us all about it. You still are not trying to give us a full picture and that is exactly what we want. Explain to us this committee business. We men that are not in the insurance business don't know anything about that.

A. As I say, I am not in the underwriting end. I am in the financial end of it and I just see the book end, as it were.

The Special Master: All right, but even so, whether it seems strange or not to you, is dependent upon what you happened to see and what you happened to know; that is what I want to know when you say it is a committee matter. Explain to us fully.

A. Well, we have requests for expenses either in full or very frequently partial expenses, don't you know, on things of that kind that are going through, being settled in committees, and in this case it struck me that this was one of those things that would probably be further—

The Special Master: What kind of business is handled by committees and what is the occasion for committees instead of having it handled directly by your representatives? Explain that to us.

A. Well, there are so many of them.

The Special Master: All right.

A. As I say, National Board, and there are other boards and things of that kind all over.

The Special Master: What do they do? What is the occasion for it?

A. They meet. They may take action on rates, maybe on losses, claims, maybe on various things of that kind, don't you know.

The Special Master: Well, is there any distinguishing feature that causes business to be handled by a committee rather than by the corporation through its direct representatives?

A. Yes, because there are so many companies on those things they have to have committees. Here is perhaps in a board we will say, New England Insurance Exchange Association. There is a committee to act on certain matters that come up, one of our men, perhaps, one of another New York company, or something of that kind.

The Special Master: You mean business where many companies are involved instead of one?

A. Absolutely.

The Special Master: They don't duplicate each other's work, is that what you are trying to say?

A. Yes, it has been done for years. They try to save expense on that.

The Special Master: How common is that sort of thing?

A. It is very common.

The Special Master: All right, that is what I am trying to find out. When you say this was a committee matter that really doesn't explain it to us at all unless we know.

A. For 40 years that I have been in the insurance business there have been committee matters and committee matters.

Q.90. (By Mr. Holman) Mr. Smith, I believe you testified you were secretary of the Hartford Fire Insurance Company? A. Yes.

Q.91. Do you occupy that same position with the Citizens Insurance Company? A. Yes.

Q.92. The New York Underwriters? A. Yes.

Q.93. The Northwestern Fire and Marine? A. I am assistant secretary of the Northwestern.

Q.94. The Twin City? A. The assistant secretary of the Twin City.

Q.95. Was that your position with them in 1935 and 1936? A. Yes.

Mr. Holman: That is all.

Cross Examination by Mr. Bullitt.

XQ.96. What you mean is that where a number of fire insurance companies have a common interest in some transaction they will appoint a small committee to handle it on behalf of all of the companies interested, is that it? A. Absolutely.

XQ.97. And that when you have a committee handling something for a large number of companies in which you as one of the companies interested, you accept something from that committee without investigating it because you know that in the end they will give you a full accounting of everything that is done, is that what you mean? A. Absolutely.

XQ.98. When you talk about this money that you received in belonging to the Western Department, you don't mean that it belonged to the Western Department separate from the Hartford Fire Insurance Company? A. No, but I will tell you.

XQ.99. It is a bookkeeping matter? A. It is a bookkeeping matter.

XQ.100. You are a bookkeeper really, aren't you? A. Yes.

XQ.101. What you mean then is that for a matter of inter-company accounting, you have what you call a Western Department, and it is a bookkeeping matter? A. You mean as to the accounting part of the business?

XQ.102. Yes. A. Yes.

XQ.103. Now, you knew that the Hartford Company got back something over $350,000.00 or $360,000.00 in bonds and cash from the impounded premiums, didn't you? A. The Hartford Company and its subsidiaries.

XQ.104. Then you knew that you got about $77,000.00 more cash back on this 11 per cent refund, is that right? A. Right.

XQ.105. And out of that you paid back to Mr. Street under the suggestions from Mr. Haid, some $25,000.00 in addition to the $10,000.00 that Mr. Bissell had authorized the previous year? A. I so testified.

XQ.106. You did that because you understood it was part of this committee transaction and would be ultimately accounted for? A. Yes.

XQ.107. You had nothing to do with it except as a mere bookkeeping transaction? A. That is all.

The Special Master: Let me ask you this: Talking about a Western Department, of course, primarily a Western Department or any other department is set up in order to have some one man in charge to thoroughly look after the business in that territory?

A. To handle it.

The Special Master: And it is his responsibility to see that it is handled right?

A. Absolutely.

The Special Master: And whether there is a profit or a loss can not be determined unless there is a complete record of what he did in his department?

A. Yes.

The Special Master: That necessarily requires that in the first instance that that department have a complete set of books on written premiums, losses, expenses, so that you can tell whether he is making a good or bad job of his department?

A. It does.

The Special Master: But having once done that, those figures have to be forwarded to go into the annual statement of all of the business of the company?

A. They do.

The Special Master: All right.

XQ.108. (By Mr. Bullitt) Now, you said you were familiar with the original $10,000.00 check that Mr. Bissell authorized? A. I did.

XQ.109. Now, that check that you had made out at Mr. Bissell's request was made payable to whom? A. C. R. Street, Chairman.

XQ.110. And didn't that money go to your lawyers, Hicks and Folonie, as shown by the endorsement on that $10,000.00 check? A. It is endorsed by them.

XQ.111. Well, I say, didn't it go to them? You understand banking? A. Yes, it was deposited by them, for deposit of Hicks and Folonie.

XQ.112. When you made out the $25,000.00 check, you made it payable to C. R. Street, Agent, didn't you? A. Yes.

XQ.113. Now, when you did that, did you think or believe that you were paying it to any different person or under any different circumstances than you had paid the original $10,000.00? A. I did not.

(Check, handed to the reporter, was marked for identification as "Defendants' Exhibit 253, EFM.")

Re-Direct Examination by Mr. Holman.

RDQ.114. I hand you Defendants' Exhibit 253, and ask you if that is the check that you issued or caused to be issued to Mr. Street as agent following your conversation with Mr. Haid about which you have testified? A. That is a photostatic copy of it.

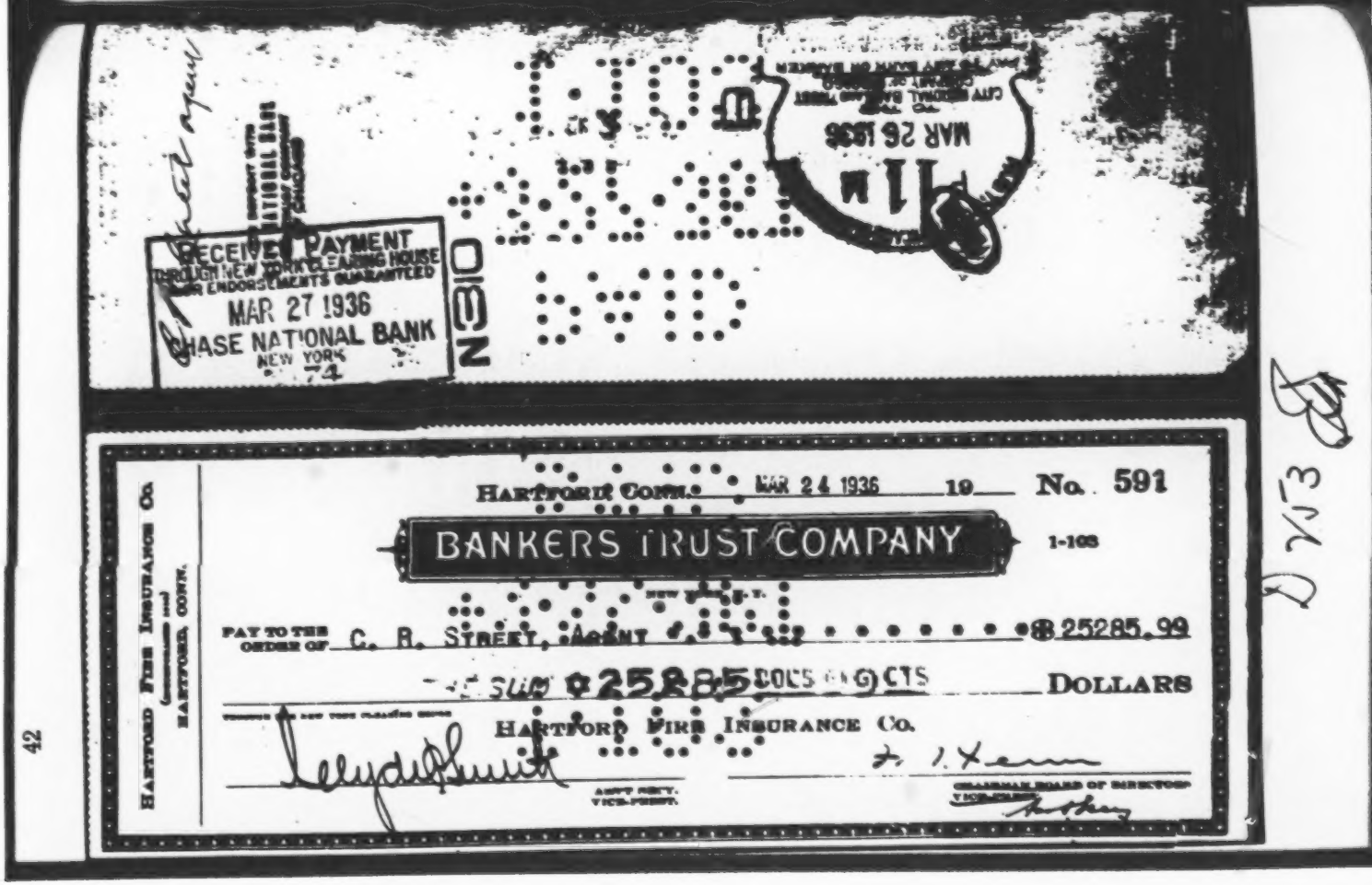
RDQ.115. Well, that is a true copy? A. A true copy of the original.

Mr. Holman: That is all.

(Witness excused.)

Mr. Holman: I now offer Defendants' Exhibit 253 in evidence.

(Which said Defendants' Exhibit 253, so offered in evidence, having been previously duly marked, is in words and figures as follows:)


RECEIVED PAYMENT
THROUGH NEW YORK CLEARING HOUSE
PRIOR ENDORSEMENTS GUARANTEED
MAR 27 1936
CHASE NATIONAL BANK
NEW YORK
MAR 26 1936
HARTFORD CONN. MAR 24 1936 19 No. 591
BANKERS TRUST COMPANY
1-103
PAY TO THE ORDER OF C. R. STREET, AGENT $25285.99
SUM $25285 DOLLS 99 CTS DOLLARS
HARTFORD FIRE INSURANCE CO.
HARTFORD FIRE INSURANCE Co.
HARTFORD, CONN.
ASST SEC'Y.
VICE-PRES'T.
CHAIRMAN BOARD OF DIRECTORS
VICE-PRES'T.

ROBERT D. SAFFORD, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. Where do you reside, Mr. Safford? A. In Hartford, Connecticut, West Hartford, to be exact.

Q.2. What is your connection with The Travelers Fire Insurance Company? A. Vice-president and assistant secretary.

The Special Master: Of which one?

A. The Travelers Fire Insurance Company.

Q.3. (By Senator Hollingsworth) Was that your official connection with this company in 1935 and 1936? A. Yes, sir.

Q.4. You knew, of course, about the pendency of the Missouri rate litigation? A. Yes, sir.

Q.5. Now, was that handled in a certain department of your company, say, the Western Department? A. No, sir.

Q.6. Just handled out of your home office? A. Our home office. Our business is conducted throughout the United States from the home office. We have no so-called Western Department.

Q.7. I see. And I believe that you were the man from the company that had the most knowledge concerning the Missouri rate litigation? A. I think so, probably.

Q.8. When did you first hear anything about a proposed compromise of this case? A. In May, 1935.

Q.9. How did you hear it? A. Through a meeting that was called in the office of the Aetna Fire Insurance Company where a number of Hartford head office officials, that is, Hartford Company head office officials, met and discussed the subject with Mr. C. R. Street.

Q.10. Do you recall who called the meeting? A. I don't. I think Mr. Long called it.

Q.11. Were you given any advance information as to the nature of the meeting? A. I don't recall that there was anything said other than that there was a meeting of company executives to meet with Mr. Street regarding it, no particular mention made of any particular things that Mr. Street might have to say to us.

Q.12. Who attended that meeting other than yourself and Mr. Street? A. Well, there was, as I recall,

Mr. Bissell, Mr. Milligan, Mr. Long, Mr. Clark, Mr. Vreeland.

Q.13. Mr. McCain? A. I think Mr. Stinson, Mr. McCain.

Q.14. Do you remember that Mr. Kingan was there from the Caledonian? A. Yes, Mr. Kingan.

Q.15. Can you think of anyone else? A. Mr. Kingan of the London & Lancashire.

Q.16. Can you think of anyone else? A. The name doesn't come to mind.

Q.17. Did you make any notes of the meeting? A. No, sir.

Q.18. I wish you would state now just what Mr. Street said to this meeting in regard to the insurance litigation? A. Well, it is pretty difficult to recall a conversation some five years old, but my recollection of the meeting was to the effect that Mr. Street indicated that he thought there was a great possibility of our losing the suit and that he thought the time had come when there might be a compromise made and recommended to the people assembled there that an endeavor be made to compromise the case. He suggested the desirability of employing new counsel. I gathered the impression that our counsel, perhaps specifically Mr. Folonie, was *persona non grata*, as it were to the representatives of the state and that Mr. Street felt that if we employed local counsel, it might be possible to arrange through them and the representatives of the state a compromise settlement of the case. That is about all I recall.

Q.19. Did he tell you that he had been in touch or had been negotiating with anybody in regard to a settlement? A. I don't recall that, no, sir.

Q.20. Didn't he tell you that an effort was being made to settle the Missouri rate case? A. I don't recall it.

Q.21. Didn't he tell you that at that time he thought it could be settled whereby 80 per cent of the impounded premiums would go to the company and 10 per cent go to the public and 10 per cent would go for expenses in handling the case? A. No, sir, my recollection was that he thought that a compromise could be made on the basis of 90 per cent and 10 per cent.

Q.22. 90 per cent and 10 per cent? A. Yes, sir.

Q.23. Now, he told you that he thought such a compromise could be made? A. Yes, sir.

Q.24. Well didn't he tell you what caused him to think that such a compromise could be made? A. I don't recall any such statement.

Q.25. And you did get an impression that there could be some activity in regard to the negotiations of a compromise didn't you? A. Only that something must have been behind his coming East and talking with the executives.

Q.26. And giving you the exact figures that he thought a compromise could be based upon? A. He certainly stated, as I recall it, a 90 per cent and 10 per cent compromise.

Q.27. Then you naturally assumed that there had been some activities or some negotiations in regard to a compromise, didn't you? A. That would be easy to assume, yes.

Q.28. That would be the fair assumption from that? A. Yes.

Q.29. And he told you that he wanted to raise some money? A. Yes, sir.

Q.30. Did he tell you that he had been to New York? A. I think he stated definitely that he had been to New York the day preceding the May 3, 1935, meeting that I am speaking of in Hartford and that he had secured some $65,000.00, approximately, and wanted or needed $35,000.00, the difference between the $65,000.00 and the $100,000.00.

Q.31. So he told you that he wanted to raise $100,000.00? A. Yes, sir, the approximate figure he felt he would need for that legal expense.

Q.32. He told you that he had raised substantially two-thirds, you remember the figures, at around $65,000.00, he had raised in New York? A. That is my recollection.

Q.33. Now, did he tell you from whom he had raised that money? A. No, he did not, that is, you mean what specific companies?

Q.34. Yes. A. No, he did not.

Q.35. Did anyone ask him? A. I don't think so.

Q.36. Well, he wanted the money raised then, didn't he? A. Yes.

Q.37. As a matter of fact, he got the checks that day? A. That is right.

Q.38. And you knew there in the meeting that he had raised in your meeting thirty odd thousand dollars

when the meeting was complete? A. When the meeting was closed, as I remember the figures, they were $37,500.00. I am not quite correct.

Q.39. And $62,500.00, those are the exact figures, aren't they? A. Yes.

Q.40. Now, did anyone ask him what caused him to think he could settle this case for 90 and 10? A. I don't recall that anyone did ask the question.

Q.41. He did tell you, as I understand, that he was afraid that you were going to lose the rate litigation? A. That was my understanding, yes, sir, and that he felt that a compromise was timely, that we should attempt to compromise the case and get it out of the way.

Q.42. And that he needed $100,000.00 now? A. He needed, yes, that is right.

Q.43. Did he tell you that this money was to be used only temporarily? A. I don't recall that.

Q.44. Well, did he tell you that the money would be returned to you if the compromise was not effected? A. It seemed to me—my recollection of it was that the money that we were advancing, a few companies, for this expense, would be distributed, that is to say, the expense would be distributed among all the companies, the 137 companies, and that we would receive the return of any overpayment that we were advancing above our prorata share of whatever the expense was.

Q.45. Did he tell you why he came to a few of your companies to raise this flat sum of money at this time instead of apportioning it out among the companies? A. Well, only that it was easier and more expeditious to get a few companies together than to try to get 137, but I don't recall that he said that specifically, but it was merely a matter of expediting.

Q.46. Of expediting the matter. You understood that this matter was to be handled quickly, didn't you? A. Yes, sir.

Q.47. You understood that it was to be handled quickly and that it was to be 90 and 10. Did he tell you with whom he was going to negotiate to make the settlement? A. No, sir, he did not.

Q.48. Did he tell you with whom he had talked about the matter at all? A. He did not.

Q.49. Did anybody ask him? A. My recollection is that he indicated a little uncertainty as to just what

legal counsel he was going to employ and asked our continuation of the confidence that we had in him, that he would employ the proper counsel.

Q.50. Did he say he would employ the proper counsel or that he would contact the proper parties? A. Counsel, I am quite sure.

Q.51. Well, you didn't understand that your counsel, Hicks and Folonie, would not get this money, did you? A. I didn't know just how he was going to handle it, whether he was going to handle it with Hicks and Folonie or handle it alone and employ the counsel himself.

Q.52. Did you understand that Hicks and Folonie were to get the fees of $100,000.00? A. No.

Q.53. Did you understand that this counsel couldn't be employed unless they were paid in advance? A. That they couldn't be employed unless they were paid in advance.

Q.54. That it was necessary to raise $100,000.00 to pay counsel in advance?

Mr. Bullitt: It does seem to me that he is asking about all sorts of "didn't he understand so and so." He has told what happened.

The Special Master: Yes, I have always thought that that was improper, but you have shown a disposition to be liberal about it and I have let it go.

Mr. Bullitt: I want to be liberal, but he puts leading questions, like, "Didn't you understand that he was not going to do something." The language speaks for itself, unless there is some implied understanding.

The Special Master: I am going to limit that. I agree with that, that generally speaking all he has a right to do is to ask what was said and what was done, and that is as far as he has a right to go. However, as to any chief officer of the company, I think he also has a right to ask him what he thought or what he understood, providing it has to do with thinking or understanding that is to be used for an improper purpose.

Mr. Bullitt: Of course, that is true.

The Special Master: But not these collateral matters.

Mr. Bullitt: But whether he understood that Hicks and Folonie were to get the money or employ some other. that is—

The Special Master: In other words, generally speaking, you have only got the right to ask him what

was done and what was said, and the only exception to that is you can ask him anything to indicate that he harbored guilty knowledge or a guilty suspicion. I don't think that this question does do that, and for that reason it is sustained.

Mr. Bullitt: I want to give everything in the world that bears on this case in any way, but that is a very collateral thing, whether he thought. I have forgotten what the last question was, but it was very far afield.

The Special Master: Well, asking whether it was his thought what Hicks and Folonie were going to do, has nothing to do with the guilty knowledge and is not the statement of fact and will have to be sustained.

Q.55. (By Senator Hollingsworth) I want to ask you this: Mr. Stinson attended this meeting? A. Yes, sir.

Q.56. Did you know that contemporaneously with the meeting or about that time he made a memorandum concerning the matter? A. Did I know so?

Q.57. Yes. A. I did not.

Q.58. I want to ask you this: Did Mr. Street say to you that the money which he would raise there would be turned over to your attorneys, Hicks and Folonie, but that it was not to be delivered unless the settlement to which he had referred was effected? A. I don't recall his making any such statement.

Q.59. Didn't he say to you there that after the agreement had been effected the attorneys would appear before the court and secure its approval to the stipulation of settlement, and that the money would then be accounted for? A. I don't recall the first part of that statement. I recall very definitely his statement to us that the moneys expended would be accounted for thoroughly in due time.

Q.60. How much did he ask you to contribute? A. We contributed $2,000.00.

(Photostatic copy of check, handed to the reporter, was marked for identification as "Defendant's Exhibit 254, EFM.")

Q.61. I hand you Defendants' Exhibit 254, and offer it in evidence. Please state if that is the photostatic copy of the check and the endorsements thereon. A. I think so.

(Which said Defendants' Exhibit 254, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

49

B

The Chase National Bank of The City of New York

Metropolitan Branch

Fifth Avenue and 34th Street, New York 1-76

Hartford, Conn. MAY 1 1953 No. A106185

Pay to the order of CHARLES R. STREET, CHAIRMAN $ 2000.--

The Travelers Insurance Company

W. Roberts

Assistant Cashier

Pay to the order of Robert P. Patterson
Secretary of War
Chairman
War Policies Unit
Office of Lucius D. Clay
Office of Secretary of War

Endorsement

Pay to the order of
Any Bank, Banker or Trust Company
All Prior Endorsements Guaranteed

CHICAGO ILL. 2-28 1953 PARIS TROY

HICKS & FOLONI

PAID THROUGH CHICAGO CLEARING HOUSE

Dy 54

Q.62. I notice that is made to Charles R. Street, Chairman? A. Yes, sir.

Q.63. Chairman of what organization or committee did you intend it? A. Chairman of the Subscribers' Actuarial Committee.

Q.64. Was the Subscribers' Actuarial Committee handling this litigation in behalf of your company? A. Yes, sir.

Q.65. And had handled it throughout its entirety with your knowledge and consent? A. Yes, sir.

Q.66. Do you know how the Subscribers' Actuarial Committee happened to take charge of this litigation in behalf of your company?

Mr. Bullitt: That assumes that they did take charge of it.

The Special Master: No, he has already said they had charge.

Mr. Bullitt: He said, "Do you know how it happened that they took charge?" That assumes they took charge.

The Special Master: "For your company." No, he did ask him, did it have charge. Now, based upon that question he wants to know if he knows how that happened. I think that question is perfectly proper.

A. Well, most all, if not all, of the rate cases, rate litigations in the West, are handled by the Subscribers' Actuarial Committee.

Q.67. (By Senator Hollingsworth) This series of cases for your companies was handled, as I understand, by the Subscribers' Committee. What I want to know now is what act of yours or any other organization representing the company impelled the Subscribers' Actuarial Committee in taking charge and handling the litigation? A. I think we asked them to do it.

Q.68. You think you asked them to do it? A. That is my recollection.

Q.69. Do you recall whether you did that individually or through some other organization like the Missouri Inspection Bureau? A. I do not recall.

Q.70. You don't recall about that? A. No, sir.

The Special Master: I suggest this: If you are interested in that, the place to find it out is from the Missouri Inspection Bureau.

Senator Hollingsworth: I think that is right.

Q.71. Now, did you cause this $2,000.00 check, Defendants' Exhibit 254, to be made pursuant to that meeting? A. I did.

Q.72. Was that carried on your books? A. That check was drawn late in the afternoon of May 3rd, is that the correct date?

Q.73. I am sure it is, but I will check it to be sure, May 3, 1935. A. And our auditor made a penciled suspense item of it because I couldn't give him at the time that I asked him for the check the name of the people to whom it was to be paid? I assumed and understood it to be legal expense, and he carried it as a suspense item pending the time when I could give him the information.

Q.74. Well, you mean you knew the name of the payee, didn't you? A. Oh, yes.

Q.75. That the payee was to be Charles R. Street, Chairman? A. That is right.

Q.76. And you mean that you didn't have sufficient information at that time to tell your auditor the proper account to place this check under? A. Well, that is not quite correct. Legal expense would be the proper account, but so far as the name of the individual to whom or the firm to whom that check was to be endorsed is concerned, I didn't know.

Q.77. Why didn't you get that information from Charles R. Street on that day? A. I couldn't tell you.

Q.78. There were some ten men of you sat around the board there at this meeting? A. Approximately.

Q.79. Did any person ask him the name of the ultimate beneficiary of this check? A. I don't think they did; I don't recall it.

Q.80. Then you went back to your office? A. He had indicated to us, as I recall it, that he hadn't determined the names of the counsel that he was going to employ.

Q.81. Well, did he say why he knew the amount, if he didn't even know the names of the counsel that he was going to employ? A. You mean the amount as to the $100,000.00?

Q.82. Yes. A. I gathered that that was something that he didn't definitely know.

Q.83. Did he tell you that he had been in contact with any attorney, naming him? A. No, sir.

Q.84. All right. After that check was issued, was that done on a pencil memorandum that you made or not? A. No, I asked the auditor for it because of the element of time. We had been requested to, or, rather, it had been suggested that to expedite the handling of it those checks all go out that night and eventually relayed to Mr. Street through one source.

Q.85. Was that agreed on in the meeting? A. Yes, I think so.

Q.86. And who handled the matter of assembling the checks and getting them out to Mr. Street that night? A. Well, each individual handled the procuring of the check, of course, and sent it to Mr. Long for transmittal to Mr. Street, and as I recall it, on the basis that Mr. Long had called the meeting and perhaps was a logical instrument through which it could be handled.

Q.87. Then when did you get your next information as to the purpose of this check? A. You mean as to whom it was made payable?

Q.88. Yes, who was the ultimate beneficiary? You held that as a suspense item because you didn't know. A. My recollection is that, and I think there is a memorandum there that—

Q.89. (Interrupting) Will you look at it? I don't want to show you unnecessary papers. A. No, I think in answer to your question, April 27th, or thereabouts.

Q.90. What year, 1935? A. 1935. I mean May, pardon me, May 27, 1935.

(Memorandum, handed to the reporter, was marked for identification as "Defendants' Exhibit 255, EFM.")

Q.91. I hand you Defendants' Exhibit 255 and ask if that is a memorandum made by you under date of May 27, 1935, directed to your auditor, Flynn? A. Yes, sir.

Senator Hollingsworth: I offer that in evidence.

(Which said Defendants' Exhibit 255, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

30812

May 27, 1935

FRANK J. FLYNN
Auditor
MAY 28 1935

Auditor Flynn:

Mr. Street advised me the other day in Detroit that the check we sent him was recently endorsed to our Attorneys, Hicks and Polonie, for legal expense, and would be returned to us through our bank in due course showing such disposition of the check.

Cr. Suspense Acct
Chg. Legal Attorneys 2000.—

RHB:A

Robert H. Safford
Vice President

53

Q.92. You state in there that, "Mr. Street advised me the other day in Detroit that the check we sent him was recently endorsed to our Attorneys, Hicks and Folonie, for legal expense, and would be returned to us through our bank in due course." Where did you see Mr. Street? A. In Detroit. I don't recall just exactly the circumstances. Certainly it wasn't a business engagement that I had with him. I ran into him in Detroit and I think what prompted that memorandum that particular moment was that the auditor had asked me from time to time subsequent to his drawing the check for $2,000.00 as to whether or not I had heard to whom it was being paid, and in seeing Mr. Street in Detroit, quite by accident, I think, I either asked him or he vouchsafed the information that the check had been turned over to Hicks and Folonie.

Q.93. When you received that memorandum or received that information from Mr. Street in Detroit, did you understand from the information that he gave you that it was a fee payable to and inuring to the benefit of Hicks and Folonie? A. Not necessarily. It might be for these local attorneys that he had indicated he was intending to employ, and accounting through Hicks and Folonie instead of dealing direct with them.

Q.94. But you still were at sea as to who those attorneys were? A. That is right.

Q.95. And you hadn't entered the check because you were at sea? I mean you hadn't entered it on the regular account because you didn't know the name of the attorneys to whom it was ultimately payable? A. You mean that we had completed the voucher on it?

Q.96. That is right. A. Including the names of the attorneys because we didn't have it.

Q.97. Now, when you got that memorandum, did you understand to whom that check was ultimately payable or did you not understand it? A. When I drew the memorandum, I told the auditor that it was—the check was to be ultimately paid to Hicks and Folonie. That was the statement that Mr. Street made to me and the statements contained in that memorandum.

Q.98. But you didn't understand whether it was to go to Hicks and Folonie as fees or go through them to some other person? A. No, sir.

Q.99. You didn't know that? A. That is right.

Q.100. And you didn't ask Mr. Street? A. No, sir.

Q.101. Who these attorneys in Missouri could be that you were paying $100,000.00 of money? A. I did not.

Mr. Bullitt: He wasn't paying $100,000.00.

Senator Hollingsworth: I mean the companies.

A. $2,000.00.

Mr. Bullitt: That is a different thing. He wasn't interested in what anybody else was doing.

(Memorandum, handed to the reporter, was marked for identification as "Defendants' Exhibit 256, EFM.")

Q.102. I show you Defendants' Exhibit 256 and offer it in evidence, which apparently is a memorandum of yours made in February, of 1936? A. Yes, sir.

(Which said Defendants' Exhibit 256, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

56

February 26, 1936

FEB [illegible] 1936

Auditor Flynn

Referring to the check issued on May 3, 1935 in the amount of $2,000 to C. H. Street covering advance for legal expense, I was recently informed that repayment of this advance would be made to us within a reasonable length of time, and suggest that you pend the file sixty days.

It may take longer than that before the general expense in connection with the case involved is allocated, but you may be assured that when our proportion of the expense is billed to us that in some manner not yet decided upon we shall receive credit for the advance already made.

Hobart [illegible] Bickford
Vice President

HDS:A

Q.103. Now, in February of 1936, you were still in communication with Mr. Street concerning this item, weren't you? A. No, sir.

Q.104. Well, "informed that repayment of this advance," that refers to the $2,000.00 that you advanced, doesn't it? Who informed you that "repayment of this advance would be made to us within a reasonable length of time"? A. I don't think I was informed specifically. If I have the dates correctly in mind it was in the early part of February that the Subscribers' Actuarial Committee advised that the decree had been handed down and that a settlement of the case on an 80-20, 50-30 basis had been made, and I assumed that the case coming to a close, that we would be, as I expressed it there, reimbursed for that sum, the sums that we had paid through Mr. Street, and I was giving the information to the auditor whom I had advised that previously we would receive what I called "reimbursement" of this money, really, a reallocation of it, perhaps.

Q.105. Now, let's see, does this accurately express what happened or is it simply loose language that you used: "I was recently informed that repayment of this advance would be made to us within a reasonable length of time, and suggest that you pend the file sixty days." A. Why, perhaps that is loosely drawn. It was a memorandum drawn, as I recall, shortly after receipt of the letter to which I referred. Two letters were sent out by the Western Actuarial Committee, sent to the companies, and it was just *ex gratia* information to the auditor.

Q.106. Now, the next sentence, where did you get this information: "It may take longer than that before the general expense in connection with the case involved is allocated"? A. It might take longer than sixty days before the expense, before the windup of the whole case could be consummated.

Q.107. Where were you going to get a refund of this special assessment that you had paid, other than that out of the general expense? A. It was not exactly a refund. I think that I used that word ill-advisedly.

Q.108. Well, "repayment" is the word you used. A. Yes. It was a re-allocation of that sum total of the first $100,000.00 between the 137 companies. We had advanced $2,000.00 of it, and our ratable proportion of that $2,000.00 should have been charged eventually to all of the 137 companies, or rather their ratable proportion.

Q.109. What caused you to make this further statement, "But you may be assured that when our proportion of the expense is billed to us that in some manner not yet decided upon we shall receive credit for the advance already made." A. I didn't know at that time how the allocation of that expense was to be distributed among the 137 companies.

Q.110. What conference or meeting had you had that caused you to know the method of making the refund had not yet been decided upon? A. I had had no conference.

Q.111. Well, this clearly indicates that there was something in your mind that had not been decided upon. A. It certainly sounds so, as you read the letter.

Q.112. Yes, it does, doesn't it? A. Yes.

Q.113. Now, do you have any further explanation of it? A. Not a bit. I have no recollection. I know that I had no conference with anybody about it.

Q.114. Well, hadn't you taken some action or undertaken to determine prior to that how it would be returned to you, but that no decision had been made? A. No, I hadn't.

(Memorandum, handed to the reporter, was marked for identification as "Defendants' Exhibit 257, EFM.")

Q.115. I show you Defendants' Exhibit 257, which purports to be a memorandum made by you under date of March 25, 1936.

Senator Hollingsworth: I offer that in evidence.

(Which said Defendants' Exhibit 257, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

5210

March 25, 1936

Auditor Flynn

Further to my memorandum of February 26, 1936 referring to the check issued on May 3, 1935 in the amount of $8,000 to C. R. Street, covering advance for legal expense incident to the Missouri Rate Case in the Federal Courts, I have been advised that our charge for legal expenses up to May 1, 1935 amounts to $6,736.21. Having advanced $8,000 last year there is a balance due of $6,736.21.

Will you please let me have check today in that amount payable to C. R. Street, Agent.

Robert [illegible] Gifford
Vice President

Gen Legal exp
Fiscal Dept

Foreign transactions in connection with the steam coal by Gamble in Mr Jamieson's file

3/25/36

Inv. 26272-4-V-35 - (2 cpy.)

Q.116. Now, Mr. Safford, this is a short memorandum here. I will ask you to read it. You refer again to your memorandum of February 26th, don't you? A. Yes.

Q.117. And you say this: "I have been advised that our charge for legal expenses up to May 1, 1935, amounts to $8,738.21." From whom did you get that information? A. Mr. Ewing.

Q.118. Mr. Ewing, and what did Mr. Ewing tell you about where he had gotten it?

Mr. Bullitt: Wait a minute, I object to that on the ground that it assumes in the question a fact that hasn't been proved.

The Special Master: Why?

Mr. Bullitt: It hasn't been shown. Read the sentence again.

Senator Hollingsworth: He said he got the information.

The Special Master: I don't see the point. Now, here is what happened: He said this man made a statement in a memorandum. He said, "Where did you get that information?" He said, "I got it from Mr. Ewing." And he said, "Where did Mr. Ewing say he got it?"

Mr. Bullitt: But the point is that it hasn't been shown that Mr. Ewing ever told him where he got it.

The Special Master: That is what he asked him.

Mr. Bullitt: But his question assumes that. The question assumes that Mr. Ewing told him where he got it. He didn't ask him.

Senator Hollingsworth: Well, I will ask the question.

The Special Master: You make two bites of the cherry.

Q.119. (By Senator Hollingsworth) Did Mr. Ewing tell you where he got the information that he passed on to you? A. Yes.

Q.120. Where did he say to you that he had gotten it? A. He got it from Mr. Erskine over the telephone the day preceding.

Q.121. What information did Mr. Ewing tell you that he had gotten from Mr. Erskine over the telephone the day preceding? A. Well, he told me that he had received—that is the dope right there if he wants it. Here is a memorandum that Mr. Ewing gave to me on March 25, 1936, and in explanation of it to you, I can tell you what it is.

Senator Hollingsworth: Let me have it marked, will you please?

(Said memorandum, handed to the reporter, was marked for identification as "Defendants' Exhibit 258, EFM.")

The Special Master: Has that been introduced in evidence?

Q.122. (By Senator Hollingsworth) Now, I hand you Defendants' Exhibit 258 and offer it in evidence and ask you to explain the memorandum, and how the memorandum and the attached papers came to be made up. A. I would like first to say that the reason that this memorandum was not included in the federal file by Mr. Ewing when he filed it this year was that it was in my file. I was on the Pacific Coast at the time he wrote his letter and he had no recollection, when transmitting that letter, of the existence of this. He had entirely forgotten it. As a matter of fact, I refreshed his memory about it two or three days ago, when it was made known to us that this inquiry was going to be conducted here in Hartford.

(Which said Defendants' Exhibit 258, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

Mr. Douglas Erskine telphoned me this afternoon at 4 o'clock advising that he was mailing to us tonight a check in the amount of $ 19,224.06/100, representing 11% (eleven) of our compounded Missouri Premiums as of May 1, 1935 - said premiums being $ 174,764.18 -

He asks that we remit in care of Mr. Paul Hait our check in favor of C. R. Street, Agent, in the amount of $ 6,738.21 - being 5% of our compounded premium amounting to $ 8,738.21, less the $ 2000.00 we have already remitted -

3/24/36 -

Travelers Fire Ins. Co.

19,224.06	19,224.06	174,764.18	174,764.18	8,738.21

5% Compounded premo - $8738.21
Erroneous payment 2000.00
Balance due $6738.21
Check to C. R. Street agent to be sent here

$8,738.21 -
Amt. chk. 5% of Compound Premo -
C. R. Street, Agt -
less 2000.00.

Erroneous Rate Case -
Trans. $19224.06
11% Compounded Premo
May 1st, 1935
174.764.18 Comp. Prem.

March 24, 1936.

For Vice President Ewing

RECEIVED
MAR 25 1936
E. E.

Continued

Exhibit 258 continued. The above were affixed to the face of that part of the exhibit appearing on the preceding page.

The Special Master: Mr. Safford, you are voluntarily producing it now?

A. Oh, yes.

The Special Master: I don't think there is any necessity to imply the suspicion that you tried to conceal it. You are not concealing it?

A. Not at all.

The Special Master: Obviously, so just go ahead and tell it.

A. I just wanted you to know there was no reason for our doing it at all. Now, as I reconstruct these little notes, Mr. Erskine called Mr. Ewing on the telephone, evidently at four o'clock in the afternoon, and from these little slips here Mr. Ewing put down the amounts and these short memoranda, and then through this memoranda, "Mr. Douglas Erskine telephoned me this afternoon at 4 o'clock, advising that he was mailing to us tonight a check in the amount of $19,224.06, representing 11 per cent (eleven) of our impounded Missouri premiums as of May 1, 1935, said premiums being $174,746.18. He asks that we remit in care of Mr. Paul Haid our check in favor of C. R. Street, Agent, in the amount of $6,738.21, being 5 per cent of our impounded premiums amounting to $8,738.21, less the $2,000.00 we have already remitted. E. E. 3-24-36." Then the next day in an envelope addressed to Mr. Ewing was this slip that I attached to this file at that time, received by Mr. Ewing on May 25, 1936, with this memorandum, and this in a long strip, "Travelers Fire Ins. Co.," the amounts, with a check for $19,224.06.

Q.123. Did you send Mr. Erskine any letter transmitting that check? A. I did, sir, and here is the original carbon copy of it.

(Said letter, handed to the reporter, was marked for identification as "Defendants' Exhibit 259, EFM.")

A. I might say in explanation of it, if necessary, that Mr. Erskine is a personal friend of mine. I had talked with him on the telephone three or four or five days previously, and he had asked me something about the flood conditions, and as he was only an instrument in this whole transaction, I turned my letter more or less into a personal letter, simply outlining in the opening paragraph, the transmittal and told him about flood conditions here in Hartford.

Senator Hollingsworth: I offer in evidence Defendants' Exhibit 259.

A. That postscript is simply a memorandum that I made myself.

(Which said Defendants' Exhibit 259, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

"DEFENDANTS' EXHIBIT 259.

March 25, 1936

Dear Doug:

Esmond told me of your conversation late yesterday afternoon and in doing so acquainted me with details regarding the matter that I had had in charge, and immediately the office was open this morning I got in touch with those necessary to the accomplishment of your desires.

I regret that flood conditions interfered with our giving this matter earlier attention, but know that you will appreciate the handicaps under which we have been working from the reports that have come through to you from your local press.

I might say, incidentally, that the water has receded some six and one-half feet, which relieves the situation here in Hartford materially, although the river is still pretty swollen and over-flowing its banks in some of the lowlands on both sides of it.

We surely had a hectic time for two or three days, and even those of us fortunate enough to live in the western part of Hartford and West Hartford were without telephone service, lights, and that fireside companion, the radio. Those families who were dependent upon electricity as a basis for their heat, of course had the discomfort of no other heat than could be secured from a fireplace or a gas stove, if any.

There was practically no suffering in those sections of town but naturally some discomfort, and from the reports I have heard being printed in outside newspapers it is not unlike the premature report of the death of Mark Twain who, upon being queried, said it was grossly exaggerated.

Hoping to see you one of these days and with very kind personal regards, I remain

Sincerely yours,

Mr. J. Douglas Erskine
c/o Insurance Executives Association
116 John Street
New York City

Memo: —
Check payable to
C. R. Street, Agent
for $6738.21 enclosed
before mailing
RDS"

Q.124. (By Senator Hollingsworth) I notice that Mr. Ewing's memorandum of the telephone conversation with Mr. Erskine makes no mention whatever concerning the purpose of that check, does it? A. No, sir.

Q.125. Sir? A. No, sir.

Q.126. And I notice in your letter of transmittal you say this: "Esmond," I suppose that is Mr. Ewing? A. That is right.

Q.127. "Told me of your conversation late yesterday afternoon and in doing so acquainted me with details regarding the matter that I had had in charge, and immediately the office was open this morning I got in touch with those necessary to the accomplishment of your desires." A. Silly phraseology, isn't it?

Q.128. Isn't it? Why do you write that? A. Well, Lord, I don't know.

Q.129. To transmit a legitimate check? A. I couldn't tell you.

Q.130. Sir? A. I couldn't tell you. That is ridiculous language.

Q.131. You didn't know what this check was for? A. I assumed just as I told the auditor, that it was all in connection with this legal expense.

Q.132. I know, but why didn't you say that in this letter and say, "I am sending you a check to cover legal expense"? A. I couldn't tell you to save my soul.

Q.133. Why were you in such a rush to "immediately the office was open"? Was that due to the flood? A. They wanted the money.

Q.134. "I got in touch with those necessary." Who are "those"? A. That is very secret, you see, "those necessary"; that shouldn't go in the record. Why, it is a

silly way of expressing it. I got in touch with the auditor and asked him for the check. That is all there is to it.

Q.135. Why did you say this: "necessary to the accomplishment of your desires"? A. I can't tell you.

The Special Master: Let me ask you something.

A. It is silly.

The Special Master: Did you consider that you were making a record of the transaction when you wrote that letter?

A. Hardly, simply a matter of memorandum to me.

The Special Master: The fact that you were writing a personal letter to a personal friend, did that have any influence on the way you phrased it?

A. Oh, unquestionably. As a matter of fact, he was only an instrument, as I understand it, through whom this whole transaction was handled.

Q.136. (By Senator Hollingsworth) The Actuarial Committee handled this whole transaction up to this time? A. The Subscribers, yes. That is to say, Street did; he is the Actuarial Committee really.

Q.137. He is the committee? A. Well, in that case.

Q.138. In that sense? A. Yes.

Q.139. Then Mr. Erskine came into the picture and telephones Mr. Ewing and Mr. Ewing makes no record of what the purpose of the check was and then you write this letter transmitting the check and certainly it doesn't throw much light on it, why it was done in that method. A. Well, the only reason I can give you is that I was an instrumentality, in a way, through which Erskine received the check to turn over to Haid, to turn over to Street, and as I say, it was at a time that the flood conditions were high and I wrote a personal letter to Doug or Mr. Erskine.

Q.140. You knew that 30 per cent of this fund had been allocated for the purpose of paying the general expense and had so written in a letter? A. It had so been stated in that letter from the Subscribers' Actuarial Committee.

Q.141. You knew the amount of impounded premiums in Missouri that all the companies had, didn't you? A. Approximately.

Q.142. It was in excess of nine millions of dollars, is that right? A. That is right.

Q.143. You knew that 30 per cent or in excess of two and one-half millions of dollars was available for the payment of expenses? A. Yes, sir.

Q.144. You knew that when you got a refund of 11 per cent that the 30 per cent fund was more than adequate to pay attorneys' fees? A. That was a proper assumption.

Q.145. You knew that Folonie and Street were trustees? A. Right.

Q.146. To handle it. Didn't it strike you as a very strange procedure that the matter of attorneys' fees would be taken out of the hands of the trustees and put in the hands of Mr. Erskine and you would be called upon to refund 5 per cent of your impounded premiums, not to the trustees, but to C. R. Street, Agent? A. Well, Mr. Erskine never appeared in that connection. It was to Mr. Street. He was simply an avenue through which that transaction was made.

The Special Master: Whatever may be his status generally, in this particular transaction, he was doing the work of an office boy?

A. As I understand, yes, purely.

Q.147. (By Senator Hollingsworth) If that were true, why didn't you send your remittance to C. R. Street? A. Because we were asked through Haid's office to send it to him so that collectively, all of those checks would go on to Mr. Street and thought nothing of it and did so.

(Photostatic copy of letter, handed to the reporter, was marked for identification as "Defendants' Exhibit 260, EFM.")

Q.148. Now, I hand you Defendants' Exhibit 260. Did you write that letter? A. Yes, sir, dictated it.

Q.149. You dictated that letter to Mr. Long following the conference here in the Aetna board room on May 3rd? A. Yes, sir.

Q.150. Just a letter transmitting the check? A. That is all.

Q.151. I notice it says in just one sentence, "I am enclosing my check covering the items discussed with you today which I hope will reach you in sufficient time to answer its purpose tomorrow." Why didn't you set out in that letter of transmisson the purpose of the check? A. No reason for it.

Q.152. To-wit, the payment of a legal fee in connection with the Missouri rate litigation? A. There wasn't any reason for it. Mr. Long was simply the gentleman to whom these checks were being transmitted to Mr. Street.

The Special Master: Did you think Mr. Long would know what it was for?

A. Why, certainly.

Q.153. (By Senator Hollingsworth) But your letter transmitting it certainly didn't reveal what it was for, did it? A. No, sir.

Senator Hollingsworth: I think that is all.

I offer Defendants' Exhibit 260 in evidence.

(Which said Defendants' Exhibit 260, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

May 3, 1955

Mr. George C. Long, Jr., Vice-President
Phoenix Insurance Company
30 Trinity St.
Hartford, Connecticut

Dear George:

I am enclosing my check covering the items discussed with you today which I hope will reach you in sufficient time to answer its purpose tomorrow.

With kind regards.

Yours sincerely,

S/H

Vice President

Chas. R. Street Chairman
2000 ~

Cross Examination by Mr. Bullitt.

XQ.154. At the May 3, 1935, meeting, Mr. Street told the assembled gentlemen definitely that he hadn't decided on what lawyers he was going to employ outside of Hicks and Folonie? A. That is certainly my recollection.

XQ.155. And then you had the Travelers Insurance Company draw a check to the order of Charles R. Street, Chairman, for $2,000.00, didn't you? A. I had the auditor have all three companies draw a check and he drew it on The Travelers Insurance Company.

XQ.156. That is the life insurance company? A. That is right.

XQ.157. And later that was charged to the fire insurance company, which reimbursed the life insurance company for it? A. Yes, sir. That is the procedure that is followed very ordinarily.

XQ.158. And it is a fact, isn't it, that that $2,000.00 of your money went to Hicks and Folonie, your attorneys? A. Definitely.

The Special Master: Yes, that is in the record. He wrote it and told them to make an entry that that is who was going to get it.

A. Right.

The Special Master: Even before you saw the endorsement?

A. That is correct.

XQ.159. (By Mr. Bullitt) And in the vouchers of The Travelers Insurance Company it was stated on their face that it was for Charles R. Street, Chairman, Hicks and Folonie, wasn't it? The voucher shows that there? A. Yes, sir.

XQ.160. And you held the item in suspense simply because you didn't know definitely what particular lawyer it was going to ultimately? A. That is correct.

XQ.161. You were very keen in following up that little $2,000.00 item during the next year, to find out just where it ultimately went, weren't you? A. Why, I think we are.

XQ.162. In about three weeks from that day you saw Mr. Street and asked him about it in Detroit? A. Yes, sir.

XQ.163. And he told you that he had paid it over to your attorneys, Hicks and Folonie, and that you would find that from the endorsements on the check? A. Yes, sir.

XQ.164. And then a year later, or nearly a year later, February 26, 1936, you brought the matter again to the attention of your auditor, Mr. Flynn? A. That is correct.

XQ.165. And a month later you took it up further with Mr. Flynn? A. Yes, sir.

XQ.166. Now, did you ever write any letter or send any telegram or have any telephone conversation or any personal conversation with Mr. Street asking him to handle the Missouri litigation or have the Subscribers' Actuarial Committee handle the Missouri litigation? A. No, sir.

XQ.167. Then why did you say that the Missouri litigation was being handled by the Subscribers' Actuarial Committee if you never in any way asked them to do it? A. Assumption, perhaps.

XQ.168. You were just assuming something without knowing anything about it, isn't that true? A. That is right.

XQ.169. There is one other thing. Did you or anybody in The Travelers Fire Insurance Company, as far as you know, ever authorize Mr. Street to pay or know that Mr. Street had paid or have any reason to believe that he had paid any money as a bribe or any money to any public official or any other person to get them to agree to this so-called compromise of May 18, 1935, or the decree of February 1, 1936? A. Absolutely not.

Mr. Bullitt: That is all.

The Special Master: His saying he had any reason to believe would be a conclusion, but it would be perfectly proper to ask if he had any conclusion.

XQ.170. (By Mr. Bullitt) Did you have any knowledge or did you have any guilty suspicions that—

The Special Master: Any suspicion.

XQ.171. (Continuing) —that that was going on? A. No, sir, I have known Mr. Street all of my business life and he is just beyond reproach in my estimation and I can't even yet believe that he did what he evidently did do.

XQ.172. How long had you known Mr. Street? A. Certainly for thirty years.

XQ.173. Now, isn't it a fact that until this spring when these developments came out about Mr. Pendergast and Mr. O'Malley that Mr. Street for thirty or forty years had stood in the estimation of the fire insurance companies and their executive officials generally in the

highest regard as a man of character, of integrity, of ability and great experience in the fire insurance business? A. I think without exception, although there perhaps are a number of people who didn't like him personally, because he was a hard-boiled individual.

XQ.174. But as far as his integrity and his character and his honesty were concerned, didn't he possess the absolute confidence of the entire fire insurance fraternity? A. He certain did mine, and I believe the entire fire insurance fraternity, yes, sir.

Mr. Bullitt: That is all.

(Witness excused.)

(A memorandum, handed to the reporter, was marked for identification as "Defendants' Exhibit 261, EFM.")

Judge Henson: Now, then, this Exhibit 261—

Mr. Bullitt (Interrupting): We will stipulate that Mr. Stinson signed this memorandum marked Defendants' Exhibit 261, dated Saturday, May 4, 1935, and it was in the files of the Automobile Insurance Company group.

Judge Henson: All right.

Senator Hollingsworth: Just one moment. We would like to have some record made as to Mr. Stinson.

Mr. Berger: Mr. Hooker will be here later on and testify.

Senator Hollingsworth: May it be stipulated that this would be Mr. Stinson's testimony if he were present?

Mr. Murphy: I don't think we can agree to that.

Mr. Berger: All we will agree is that he prepared and signed that memorandum.

Judge Henson: I expect to examine Mr. Hooker about Mr. Stinson's condition.

Senator Hollingsworth: But I want this in.

Mr. Bullitt: We admit that he signed it and it is his signature.

(Which said Defendants' Exhibit 261, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

MEMORANDUM

In re: Missouri Situation

Saturday, May 4, 1935.

An effort is being made to settle the Missouri rate case thru the intervention of those who wish to terminate this long drawn-out legal struggle,- and what is now proposed is that 90% of the impounded premiums shall be returned to the Companies, 10% shall go the public and 10% will be for the expenses in the handling,- and from and after a date to be fixed, maybe March 1st, the rate of premium applying in the State of Missouri will be as follows:

The theoretical 16 2/3 advance over the 90 brought the rate to 108%. We will, under this agreement, reduce this 108% theoretical rate to 100%, which is the rate that was in effect before the Hyde order.

It is necessary in carrying on this activity, to use temporarily $100,000, which will be accounted for when the settlement is made and we are asked to contribute our proportion of this sum as shown below.

A meeting was held yesterday in the Aetna Fire Board Room, at which were present Mr. Ross McClain of the Aetna, Mr. Layton of the National, Mr. Milligan and Mr. Long of the Phoenix, Mr. Mizell of the Hartford, Mr. Stinson of the Automobile and Standard, Mr. Vreeland of the Scottish Union and National, Mr. Clark of the Caledonian, Mr. Safford of the Travelers, Mr. Fingan of the London & Lancashire and Mr. C. E. Street, Vice President of the Great American located at Chicago and Chairman of the Actuarial Committee.

We were asked to contribute as an advance for legal expenses the sum of $37,500, as the participation of the group of companies centered at Hartford. $62,500 was raised among a few of the New York Companies on Thursday. Mr. Street is to turn this money over to our attorneys, Hicks & Polmie but it is not to be delivered unless the settlement, as above referred to, is effected. After the agreement has been effected the attorneys will appear before the court and secure its approval to a stipulation of this settlement, as above referred to and the advance money will be accounted for.

The Hartford Companies are contributing as follows:

Aetna	$5,000.
National	5,000.
Phoenix	5,000.
Hartford	10,000.
Automobile & Standard	5,000.
Scottish Union	5,000.
Caledonian	1,000.
Travelers	2,000.
London & Lancashire	5,000.
Total	$37,500

Alfred Stinson
RSS

FRANK D. LAYTON, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Mr. Holman.

Q.1. State your name, please. A. Frank D. Layton.

Q.2. Mr. Layton, what was your position with the National Fire Insurance Company in 1935 and 1936? A. President.

Q.3. And did you hold that same position at that same time with the Franklin National? A. I did, yes, sir.

Q.4. And the Merchants and Traders? A. Mechanics and Traders, yes, sir.

Q.5. Mechanics and Traders, and the Transcontinental? A. Yes, sir.

Q.6. They are all under common management? A. Yes, sir.

Q.7. Now, did you attend this meeting held here in Hartford on May 3, 1935? A. I did, sir.

Q.8. How were you notified of the meeting? A. My impression is that there was a telephone call, I think from Mr. Long. I am not positive of that. There was an invitation sent around by telephone.

Q.9. Do you recall at what time of the day the meeting was held? A. Sometime in the afternoon. I don't recall the exact hour.

Q.10. I wish you would tell us what persons were present, as you remember them? A. My recollection is that most of the executives of the Hartford companies were present, and I think Mr. Bissell was present, Mr. Milligan and Mr. Long of the Phoenix, and I think Mr. McCain of the Aetna, Mr. Safford of The Travelers, Mr. Vreeland of the Scottish, Mr. Clark of the Caledonian, and I think Mr. Kingan of the London & Lancashire and Mr. Stinson of the Automobile.

Q.11. Those are the gentlemen you remember that were there? A. Yes, sir, the best of my recollection.

Q.12. Mr. Street, of course, was there? A. Mr. Street was there, yes, sir.

Q.13. Now, just start in and tell us to the best of your recollection exactly what occurred at that meeting. A. Mr. Street referred to the Missouri rate case litigation and said, according to my recollection, that he wanted to get the views of the Eastern representatives as to the wisdom of negotiating a compromise if a compromise was feasible; that the litigation had been very long and expensive, that like all litigation the outcome

was uncertain; that he himself leaned toward the view that an equitable compromise might be desirable in the interest of all concerned, and that he wanted to get the views of the Eastern executives on that point.

Q.14. Just go ahead. A. He intimated according to my recollection that it might be necessary to employ additional counsel or new counsel and that there would be some legal expenses in that connection in respect of which he suggested that the companies here and in New York make advances on account of such expenses. He didn't disclose, to my recollection, what the total amount of expenses might be. They might be more or less than the $100,000.00 which he was trying to acquire at that time.

Q.15. In what manner did he go about apportioning the assessment among those present? A. Well, that I can't say, sir. I have no recollection of how the apportionment was worked out, with some reference, no doubt, to their approximate interest in the amount involved in the Missouri litigation. It was intended to be an advance ultimately to be readjusted and prorated in the usual way that expenses are on such matters.

Q.16. Your company advanced $5,000.00? A. May I explain that our business in the State of Missouri is supervised by our Western Department at Chicago along with some other thirteen states and three Canadian provinces. While I attended that meeting, I had quite an open mind on the whole thing for the reason that our general manager in the West, Mr. Bell, has handled the details of the Missouri rate case along with his administration of our rate affairs in general in our Western Department. He has broad powers delegated to him. I was not intimately acquainted with the history of the Missouri rate case except along very general lines and it was my intention to refer Mr. Street to Mr. Bell, which I did, and, therefore, my mind was quite open as to the whole thing, having faith, on one hand, in our own manager in the West, who had the primary responsibility, in fact, had the whole responsibility in matters of that sort, and I did refer Mr. Street to Mr. Bell, our general manager in Chicago.

Q.17. Did you report or make any recommendations to Mr. Bell? A. No, sir, I did not. He was much more conversant with the whole matter than I was, and I felt that the best interests of our companies would be served by leaving it to his good judgment, in which I had entire confidence.

Q.18. You didn't contact him in any way regarding what transpired? A. Not to my recollection. I simply referred Mr. Street to Mr. Bell. They were both in Chicago.

Q.19. You told Mr. Street to take it up with Mr. Bell, that he had jurisdiction? A. Yes.

Q.20. Then you took no further action? A. I took no further action, no, sir.

Q.21. Did you make any memoranda of what transpired at the meeting? A. I did not, no, sir.

Q.22. Did anyone else that you know of?

The Special Master: You would have had no use for a memorandum if you didn't intend to take care of it?

A. No, sir.

The Special Master: You just transferred it to him?

A. I referred it to Mr. Bell, our general manager in the West.

Q.23. (By Mr. Holman) Did you notice anyone at the meeting making a memorandum of what transpired there? A. No, I can't recall that I did, sir, no.

Q.24. There was no secretary present or anyone acting as secretary? A. I do not recall anyone acting as secretary.

Q.25. Saw no one taking any minutes of the meeting? A. Not to my recollection, no, sir.

Q.26. You saw no individual executive making a memorandum of what transpired? A. I don't recall it.

Q.27. Did Mr. Street say what attorneys he had in mind hiring to effect this settlement? A. I don't recall that he disclosed the attorneys whom he intended to use. Mr. Street was a man that because of his high standing in our business, because of his temperament and personality, was not inclined to divulge his plans in detail. He talked along general lines. There was an implication that he might have additional counsel. But it was more an implication than a statement, as I remember it.

Q.28. Did he say he had been carrying on any negotiations looking towards a settlement? A. I didn't gain that impression. I gained the impression that he had been giving it quite some thought and consideration, owing to the uncertainties of the outcome of any litigation.

Q.29. Did he say he thought it could be settled? A. I don't recall a positive intimation to that effect.

Q.30. Your impression is that he merely stated that now was the time to begin negotiations working towards

that end? A. Well, I gained the impression that he wanted to get, as I stated earlier, the views of the Eastern executives, where they maintained jurisdiction, as to whether they were sympathetic with such an effort on his part.

Q.31. Did he divulge to those present upon what basis he thought a settlement might be arranged? A. I have observed testimony on that point, but I haven't a clear recollection of the terms of compromise. I was not intimately in touch with the details and I frankly did not carry in my mind, did not charge my mind with the details of the compromise. More, I listened to the fact that the general principle of compromise was under discussion. The details were all in the hands of Mr. Bell, our Western Manager.

Q.32. Do you recall that the terms of a compromise were discussed generally? A. Not in detail, no, sir; I don't recall that.

Q.33. Then you don't recall that Mr. Street was instructed or given authority to settle on any particular basis? A. I didn't have that impression.

Q.34. Have you told everything that you can remember that was said at that meeting? If not, please do so. A. I don't recall anything beyond what I have testified to, sir.

Q.35. What was finally agreed upon when you left the meeting? A. I wouldn't say there was a common agreement on anything. The impression I had was that the companies had—the company executives there had a great deal of faith in Mr. Street's judgment and were disposed to follow it. That is the impression I had.

Q.36. Don't you recall that certain executives present volunteered that "I will give $5,000.00" or "I will advance $2,000.00" or "I will advance $10,000.00" or some amount? A. Not with any degree of positiveness, no, sir. I have no clear recollection of any positive commitments.

Q.37. Did you stay to the end of the meeting? A. I think I did.

Q.38. Were you there at the time the meeting started? A. I think so.

Q.39. Did anyone object to Mr. Street carrying on negotiations to settle the case? A. No, there was a great deal of discussion about the case and the whole atmosphere of the meeting was that Mr. Street, with his record for fair dealing, square dealing, and with his fi-

delity to these common interests, his judgment was worthy of very serious consideration.

Q.40. Now, you say there was a great deal of discussion. Just state what points were discussed and what was said about it. A. I don't recall any other specific details of the conversation. It was a meeting in the summer, in the early summer at least, and Mr. Street was an honored visitor from the West. I think a great deal of the talking was done by Mr. Street, but beyond the general representation that he thought a compromise might be the wise thing, owing to the uncertainties of the litigation, and wanted to get the sympathetic support of the Eastern executives who had jurisdiction over the matter, that, to my mind was the essence of the recollection that I have of that meeting. I frankly don't recall the detailed references as to the terms of compromise, although probably and quite likely there may have been some discussion of it, but in my situation, in our situation of our companies, my thought at the meeting was simply referring Mr. Street back to Mr. Bell or to Mr. Bell who had jurisdiction, and that is what I did. For that account, the details are not as clearly in my mind as someone following all of the details of that litigation over a long period of years.

The Special Master: Your reaction was that it was up to Mr. Street not to satisfy you but to satisfy Mr. Bell?

A. Yes, sir, right.

The Special Master: And, therefore, you really had no use for the information?

A. Only in general, in a general sense. The detailed information was involved because Mr. Bell had the details and could talk more intelligently with Mr. Street on that subject.

Q.41. (By Mr. Holman) Did Mr. Bell later communicate to you what action he had taken on the matter? A. No, no, the matter was handled by Mr. Bell in the regular course of his business. He handled a large part of our business, as I say, in thirteen or fourteen states, and I had no occasion at that time, to the best of my recollection, to discuss it with Mr. Bell. At least, I don't recollect it, sir.

Q.42. He didn't call you over the telephone regarding it? A. Not to my knowledge.

Q.43. And you didn't call him over the telephone? A. I don't recall it.

Q.44. He didn't write a report to you regarding what he had done? A. No, because the matter was in his hands. He had been handling the whole detail of that thing for a great many years, since 1920 or 1922, whenever the first rate case originated.

Q.45. I believe you testified that you didn't write or communicate in any way with him? A. Not to my recollection.

Q.46. You left it up to him and whatever he did about it was all right with you? A. Yes, sir, because of his large responsibilities and long years of service with us as our manager in the West.

Q.47. Did you ever attend any other meeting relating to this Missouri litigation? A. I don't recall any.

Q.48. Did you ever discuss it formally or informally with the other executives here in Hartford or any other place? A. I don't recall a discussion of it beyond that.

Q.49. Did you ever hear any report of Mr. Street as to what he did with this money? A. Not personally, no, sir.

Q.50. You never heard him personally make a report or see any written report that he made? A. I don't recall any reports from him coming to our office. Reference has been made about some report of the Subscribers' Committee, but that would go to Mr. Bell in our case. If it came to our office, it would have been referred to him.

Q.51. Mr. Bell had great authority in the Western Department? A. He has broad authority under a department that has been in existence with us for over fifty years.

Q.52. Was it stated at this meeting about which you have testified that if the settlement was not effected, the money would be returned? A. I don't recall any statement to that effect, no, sir. As I remarked earlier, I gained the impression that this was an advance on account of anticipated legal expenses in respect of which the charges would ultimately be borne by all companies in interest, and that the raising of this money was an advance and it was done that way merely as a matter of convenience.

Q.53. This advance was for the purpose of trying to effect a settlement, was it not? A. I didn't understand that it was, except to this extent, that it involved the engagement probably of new counsel looking toward

a compromise, if that seemed finally the expedient thing to do.

Q.54. Did you get the idea that they would employ new counsel to carry on the rate litigation further or for the purpose of settlement? A. I didn't have any distinct recollection of that. The employment of additional counsel might have been in either direction, might have been either for the continuance of the litigation, if the compromise were not effected, or for the use of counsel in negotiating a compromise.

Q.55. You are not clear on that point? A. No, sir, not very clear, except it was to be used for legal expenses and proper legal expenses.

Q.56. And you testify positively that you don't recall any statement made by Mr. Street that the money would be returned if the settlement was not effected? A. Not in that language, no, sir.

Q.57. Well, in what language? A. Well, in the language that I just stated, that this was in the nature of an advance.

Q.58. What you have just stated didn't have anything to do with any money returned. I want to know what was said about money being returned. A. Well, I did say this, I think; if not, I will be glad to say it, that if that money was more than was required, it ultimately would be prorated among the charges and expenses, would ultimately be distributed among all the companies, and if any company had contributed more than its prorata share, it would be refunded; conversely, if the expenses ran more than $100,000.00, the amount of the advance, the companies would respectively contribute their proportionate shares. That is all I intended to say, and is that clear? Does that answer your question?

The Special Master: Yes, it does.

Q.59. (By Mr. Holman) Now, have you told us all that you know about the circumstances leading up to the settlement of this case or the collection of money for expenses or any other purpose working toward the settlement of the case. In other words, have you told us all you know about the transaction? A. To the best of my recollection and belief, yes, sir.

Mr. Holman: That is all.

Cross Examination by Mr. Bullitt.

XQ.60. Pursuant to your referring Mr. Street back to Mr. Bell, your National Fire Insurance Company

group did contribute $5,000.00 advance, didn't they? A. So I understand.

XQ.61. And to whom was it that you made that advance? A. Well, please understand, that check was drawn in our Western Department

XQ.62. I understand, but look at the exhibit that is before you and state whether or not you can tell. A. There seems to be a check for $5,000.00 dated May 7, 1935, signed by Mr. Bell of our Western Department and Mr. Roadifer, our comptroller, and that check is to the order of Hicks and Folonie, attorneys.

XQ.63. They were your attorneys in that litigation, weren't they? A. They were the attorneys of all of the companies, including ours, yes, sir, according to my understanding.

XQ.64. And that the $5,000.00 represented by that check that is before you was the National Fire Insurance Company group's advance for these expenses that Mr. Street requested? A. And would be my presumption, yes, sir.

The Special Master: Just a minute. The witness is testifying from a photostatic copy of a check. Go ahead.

A. Yes.

Mr. Bullitt: Well, it has already been agreed, hasn't it, that these photostatic copies are the copies of original documents?

The Special Master: Yes, but the point I am making is you are now asking if certain things happened and heretofore he said he had nothing to do with it, and I just want the record to show the consistency of this and what he said.

Mr. Bullitt: Thank you, sir.

XQ.64½. Is that correct? A. Yes.

XQ.65. You know Mr. Bell's signature? A. Yes, sir.

XQ.66. That is on the form of your checks used in your Western Department, isn't it? A. Yes, sir.

XQ.67. Now, did you or anybody in your company, so far as you know, ever authorize Mr. Street to pay or know that Mr. Street had paid or have any conscious intimation that he was going to pay or had paid any money to bribe anybody or to induce anybody to agree to a settlement of the litigation? A. No, sir, not to my knowledge.

XQ.68. How long have you known Mr. Street? A. Well, I would say upwards of twenty years, probably longer.

XQ.69. Now, tell in your own way just what standing Mr. Street had in the fire insurance world, with special reference to the standing that he had with the presidents and other chief executives of the large fire insurance companies that were involved in the Missouri litigation and the fire insurance companies generally in this country. A. In my opinion no one stood any higher in respect to integrity, ability, honorable practices, and willingness to work.

XQ.70. What sort of characteristics did Mr. Street exhibit in dealing with other people? A. Well, he was a very positive character, sir, quite strong in his opinions, but his opinions were pretty well founded, as a rule.

Mr. Bullitt: That is all.

Re-Direct Examination by Mr. Holman.

RDQ.71. Mr. Layton, in this meeting did Mr. Street give any reason why he felt new counsel or additional counsel should be employed? A. Well, I don't recall that he stated that very clearly. I think it was more or less common knowledge that he and Mr. Folonie didn't always agree, and as I said, I think I said in my testimony, it was more by implication that he intimated he might need new or additional counsel. That wouldn't necessarily be any reflection on our existing counsel, but might mean that additional views, additional thoughts of other counsel might be helpful. It was a large matter.

RDQ.72. But he didn't state definitely why he thought new counsel should be employed? A. No, sir, not to my knowledge and recollection.

Re-Cross Examination by Mr. Bullitt.

RXQ.73. Your fire insurance group is one of the first eight or ten of this country? A. Well, I wish I could boast of being the first eight. I think we are pretty close to being the first ten.

RXQ.74. It is one of the very large groups? A. One of the larger groups, yes, sir.

The Special Master: Which is your company?

A. National Fire Insurance Company of Hartford and its affiliates.

The Special Master: I know the affiliates' names.

RXQ.75. (By Mr. Bullitt) Your impounded fund was some $370,000.00? A. Yes, sir.

The Special Master: Do you know anything about it—

A. (Interrupting) May I look at this memorandum?

The Special Master: Do you know anything about it except what the memorandum shows?

A. I haven't a clear idea of the details because it was handled in the Western Department.

The Special Master: Of course, the record shows that is true.

Mr. Bullitt: Everybody has been acting on these statements that are attached.

The Special Master: I am acting on it, too. I think the record shows that.

A. I have no doubt that any figures given to you, the Master, or at any other hearing on this case by our Mr. Bell are correct. I haven't the slightest doubt of their accuracy.

Mr. Bullitt: That is all.

A. Do you wish me to go further than that?

The Special Master: Not at all.

(Witness excused.)

GEORGE C. LONG, JR., being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. Mr. Long, you live here in Hartford? A. Yes, sir.

Q.2. What is your connection with the Phoenix Insurance Company group? A. I am president.

Q.3. That group consists of the Phoenix Insurance Company, the Connecticut Fire Insurance Company, Equitable Fire & Marine Insurance Company, Minneapolis Fire & Marine and the Central States Fire? A. Those were the companies who were transacting business in Missouri, and I might say that I am not president of either the Minneapolis or the Central States.

Q.4. Do you hold any official position with them? A. Vice-president of each, as I recall it, or I may not be of the Central States.

Q.5. Was that your position in 1935 and 1936? A. No; I was vice-president of the major companies.

Q.6. And did you have the direct charge, insofar as your group had charge of the Missouri rate litigation? A. I had supervision over the West and was naturally concerned with matters such as the Missouri litigation.

Q.7. Do you have a separate Western Department? A. No, sir.

Q.8. But your accounts are broken up into certain regional areas and do you have a Western Department manager? A. Yes, Midwest, in the office.

Q.9. And the Missouri fire rate litigation was in the Midwest Department? A. Right.

Q.10. You were aware that the Actuarial Committee, headed by Mr. Street, handled this litigation in behalf of your companies? A. Well, I don't know that I could say they handled it except in an advisory or administrative way. We leaned on them for counsel, but insofar as the actual handling was concerned, that was a matter of legal control.

Q.11. But I mean as to the directing of the activities? A. Yes, that is true.

Q.12. Part of it. That was done by the Actuarial Committee? A. The Actuarial Committee.

Q.13. With your knowledge and consent, of course? A. Yes, subject to reports from time to time which would enable us to keep proper check.

Q.14. When did you first hear of a proposed compromise of the Missouri rate litigation? A. At the meeting in Hartford on May 3, 1935.

Q.15. Did you see Mr. Charles R. Street prior to that meeting? A. I did not.

Q.16. The first time that you saw him was at the meeting after it had been assembled? A. At the meeting.

Q.17. Do you recall how you got word of the meeting? A. He phoned me, as I recall it, a day or two before the meeting, and asked that I arrange a gathering for the early afternoon of May 3rd to be attended by the executives in authority of the Hartford fire companies.

Q.18. Did he tell you the general nature of the purpose of the meeting? A. No, he merely said an important subject that he wanted to bring before the meeting.

Q.19. Did you make any memorandum or writing of the telephone conversation that you had with him? A. No, sir.

Q.20. Did he tell you the names of the persons that he wanted called into the meeting? A. No, he said merely the executives in authority of all Hartford companies.

Q.21. And how many of those executives are there? A. I shall have to name them over, sir.

Q.22. Would you do that? A. At that time there were my late president, Mr. Edward Milligan, Mr. Bissell, Mr. Ross McCain of the Aetna, Mr. Layton of the National, Mr. Stinson of the Automobile, Mr. Kingan of the London & Lancashire, Mr. Vreeland of the Scottish Union & National, and Mr. R. R. Clark of the Caledonian.

Q.23. Did you call all of those men and did they attend the meeting? A. Yes, I called them and they attended.

Q.24. Was there any person who acted as secretary of the meeting or any record or notes made of any kind, that you know of? A. None whatever.

Q.25. What did Mr. Street state to the meeting? A. Substantially, as I recall it, that under all the conditions, and he emphasized particularly the great disturbance to our business, which was ensuing in Missouri, the harassment to our agents, the bad public relations that had been built up through the years, the uncertainty of the outcome of the litigation, he personally felt that it would be advisable, if we could get a decent compromise, to negotiate a settlement. That was his original statement, sir. Do you want the rest of it?

Q.26. Yes, what did he further state right at this point as to the nature of the compromise? A. Well, he said that he was hopeful that he might secure or might negotiate a compromise based on 10 per cent return of the impoundings to the policyholders.

Q.27. Did he state what brought him to that belief? A. No, he didn't, other than that he as chairman had been in fairly intimate touch with the situation down in Missouri.

Q.28. Did he tell you that he had discussed the compromise with anyone else? A. I don't recall it, sir.

Q.29. Go ahead. A. I am reasonably sure not.

Q.30. Just go ahead. What did he further develop as the meeting went along? A. Well, he said that if the executives were of like mind with him regarding the desirability of attempting to secure a compromise, that it would be necessary for him to be supplied with funds with which to secure additional counsel, and supporting that observation he said that our chief counsel, Mr. Folonie, by reason of the fact that he had been fighting this case in Missouri since 1922, had aroused such personal antagonism with attorneys and others of the state side that he was not, in his opinion, the right man to use for compromise negotiations; that further-

more, Folonie was quite opposed to the idea of making any settlement. He felt that he had the case won and it was for that reason that he was coming to the executives of those companies in the East, in fact, those companies throughout that had the major interest in the impoundings, to ask for an advance of funds which might be used for the procurement of additional counsel. He said, among other things, that the Subscribers' Actuarial Committee had no available funds and that if he would do what seemed to be the right thing, of calling a meeting of all of the 137 companies, it would be a tedious sort of a process and would result in the nature of a sort of a town hall gathering, whereas, he felt that any compromise, any attempted compromise should be pursued with a reasonable degree of confidence and without giving the matter to the press. At least, that was what I derived from his statement. He said that he had been in New York City the day previous and presented this situation to a number of the leading companies down there, that they were most cooperative and had volunteered to advance what seemed to be, what proved to be their proportionate part of a fund which he estimated at $100,000.00; that his purpose in coming to Hartford was, assuming that we were in favor of the compromise, that he might secure the additional thirty odd thousand dollars from us.

Q.31. Now, you assume that it was more or less of a confidential meeting? A. Yes, an executive meeting.

Q.32. And when he asked you to raise your proportion of that, which I understand was about thirty some odd thousand dollars— A. Yes.

Q.33. (Continuing) —you understood that he had gotten the remainder of the $100,000.00 from the New York companies? A. Correct.

Q.34. Did he state at that time that he felt sure that a compromise could be made? A. No; he was quite hopeful of being able to effect a compromise.

Q.35. Now, if the compromise did not go through, your companies would have advanced $100,000.00. How were you to be repaid? A. You mean if—

Q.36. (Interrupting) If it didn't go through. A. Well, that was not touched on. His presentation contemplated the employment of additional counsel. He said, "If any part of the funds reaching me are not expended, they will be returned to the companies."

Q.37. But assuming that they were actually expended for the employment of additional counsel, and the compromise did not go through, how were these companies who advanced the money to be reimbursed for their advancement? A. Through an adjustment by the entire group of 137 companies.

Q.38. But he hadn't consulted and purposely was not consulting them to see whether or not that was to be done? A. That is true, but he was accustomed, with the knowledge and consent of chief counsel, to pretty well make his arrangements regarding expense.

Q.39. Was it so assumed by you then that he had such control of the situation that he could obtain the return of the proportionate part of each company? A. Unquestionably.

Q.40. So you assumed that he was in complete control of the Missouri litigation? A. Well, I assumed that he had the full confidence and support of all of the companies interested, as chairman of the committee over a period of some years.

Q.41. Did he make any statement as to why he was wanting these funds on that very day? A. He didn't say he wanted them on that very day, but he thought it was necessary for him to be backed financially in his acquisition of additional counsel, that he contemplated moving promptly, and in doing so, knowing lawyers as he did, it would be necessary for him to have the funds.

Q.42. Did he suggest the names of any persons whom he had in mind as additional counsel? A. He did not, sir.

Q.43. Or the location of the person? A. No.

Q.44. Nor the relationship of the person to any of the parties? A. No.

Q.45. Were any questions asked along that line? A. None.

Q.46. What arrangements, if any, were made in regard to gathering up the checks? A. Well, first, there was a question of apportionment among the various companies that attended. Apparently that apportionment had not been arrived at and a little figuring was done, I think, between Street and some other executives present, and they arrived at the rough relationship between the amounts to be advanced, and then it was a question as to how soon he wanted the checks. He said, as I recall it substantially, within reasonable expedition, as soon as may be. "Well, do you want them today?" "No," if they could be sent to Chicago, if they could be sent

promptly. It is my recollection that our host of the meeting, Mr. McCain, said, "I will get you our check now," and the rest of us had some little discussion as to whether or not the check should be sent individually or whether it would be better to send them through one channel, and it was suggested by someone that the companies operating direct from Hartford, who would normally give the checks, transmit them to me to be sent to Mr. Street, which I did.

Q.47. How did those checks come to you, by mail or messenger? A. By messenger, as I recall it, the same afternoon.

Q.48. With those checks did you receive a number of letters transmitting them? A. Covering letters, yes.

Q.49. Would you select from these papers, Mr. Long, the letters that you received? A. Here is one from Mr. Bissell of the Hartford.

Q.50. Will you lay that to one side? A. One from Mr. Safford of The Travelers, Mr. Clark of the Caledonian, Mr. Stinson of the Automobile. That would be about all.

Q.51. Did Mr. Kingan have a letter? A. Mr. Kingan, as I recall it, said that that was a matter within the full jurisdiction of the Western Department, and Mr. Layton made some similar observation.

(Said photostatic copies of letters, handed to the reporter, were marked for identification as "Defendants' Exhibits 262, 263, 264 and 265, EFM.")

Q.52. Now, the letters which you have identified are Defendants' Exhibits 262, The Travelers is 263, signed by Mr. Safford, the Caledonian, signed by Mr. Clark, is 264, and the Automobile, signed by Mr. Stinson, is 265, and I now offer those in evidence.

(Which said Defendants' Exhibits 262, 263, 264 and 265, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

1635 CONNECTICUT'S TERCENTENARY 1935

Hartford Fire Insurance Company
Hartford, Connecticut

May 3, 1935

George C. Long, Esq.
c/o The Phoenix Insurance Company
Hartford, Connecticut

My dear Mr. Long:

Enclosed please find our check for $10,000. to the order of C. F. Street, Chairman, as arranged at the meeting this afternoon.

Yours very truly,

Enclosure

0762

EXHIBIT 89

3 29 1939

The Travelers

The Travelers Fire Insurance Company
J. Edmund Zacker President
Hartford, Connecticut

RECEIVED
MAY 7 - 1935
G. C. L. JR.

May 3, 1935

Mr. George C. Long, Jr., Vice-President
Phoenix Insurance Company
30 Trinity St.
Hartford, Connecticut

Dear George:

I am enclosing my check covering the items discussed with you today which I hope will reach you in sufficient time to answer its purpose tomorrow.

With kind regards.

Yours sincerely,

E/K

EXHIBIT 90

92

Caledonian Insurance Company
of Scotland

UNITED STATES BRANCH: HARTFORD, CONN.

FOUNDED 1805

THE OLDEST SCOTTISH INSURANCE OFFICE

ROBERT S. CLARK
MANAGER
RAYMOND T. SWEENEY
ASST. MANAGER

RECEIVED
MAY 4 - 1935
GEO. C. LONG, Jr.

May 3, 1935

Private

Mr. George C. Long, Vice President,
Phoenix Insurance Company,
Hartford, Conn.

Dear Mr. Long:

In accordance with agreement reached this afternoon, we are enclosing our check in the amount of $7,000, payable to Charles R. Street, Chairman, being advance payment in re Missouri litigation. This check, I understand, you will forward to Mr. Street with others received for the same purpose.

Thanking you for the courtesy of transmission, I am

Yours very truly,

Robert S. Clark

Manager.

J 264

91

93

THE AUTOMOBILE INSURANCE COMPANY
OF HARTFORD CONNECTICUT
CASH CAPITAL $6,000,000.00
FIRE AND MARINE INSURANCE-ALL LINES
MORGAN B BRAINARD, PRESIDENT

ALFRED STINSON, Vice President

May 4, 1935.

Mr. George C. Long, Vice President
Phoenix Fire Insurance Company
Hartford, Conn.

Dear Mr. Long:-

I am enclosing herewith a check for Thirty-Five Hundred ($3,500) Dollars for advance legal fees in connection with the late suit in the State of Missouri.

Will you be good enough to deliver this to Chairman C. E. Street, who is handling this matter, and oblige.

Very truly,

Alfred Stinson

Vice President

Alfred Stinson
[redacted]
Enclosure - Check, $3,500.

[illegible] Suit 3
EXHIBIT 92
MAR 29 1939

0765

HARTFORD
The Insurance City

Welcome to Connecticut
1635 TERCENTENARY 1935

(Photostatic copy of letter, handed to the reporter, was marked for identification as "Defendants' Exhibit 266, EFM.")

Q.53. I hand you Defendants' Exhibit 266, and ask you to state if that is your letter transmitting the checks to Mr. Street, dated May 4, 1935. A. That is a photostatic copy of the letter I wrote Mr. Street.

Senator Hollingsworth: I now offer in evidence Defendants' Exhibit 266.

(Which said Defendants' Exhibit 266, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

93-

May 4, 1938.

Mr. C. R. Street,
C/o Great American Insurance Company,
P. O. Box 788,
Chicago, Illinois.

Dear Mr. Street:

I enclose herewith cheques as follows:

Scottish	$ 4,000.
Caledonian	2,000.
Travelers	2,000.
Hartford	10,000.
Automobile	3,500.
Phoenix	6,500.

all being in the nature of advances for litigation expense in connection with the Missouri case.

You will observe that cheques are made payable either to you as Chairman or to Polemis as Attorney. No acknowledgment is required.

Sincerely yours,

Vice President.

(Enclosures)

8266

GRAND JURY'S
EXHIBIT 17
Mar 29 1939

Q.54. Very shortly after that you heard, of course, that the litigation was settled? A. Well, I think you will find that sometime afterward, word came to me from Street for transmission to other Hartford executives, regarding a change in the terms.

Q.55. I believe you received a telegram from Mr. Street, did you not, about May 16, 1935; the copy of that is already in evidence? A. Yes, May 16th.

(Said photostatic copy of telegram, handed to the reporter, was marked for identification as "Defendants' Exhibit 267, EFM.")

Q.56. That telegram that you received from Mr. Street has been marked Defendants' Exhibit 267? A. Right.

Q.57. Now, at the time you received that telegram, you learned in the opening sentence that "At Kansas City yesterday with attorneys for both sides" the matter of compromise was being settled? A. Of course, I didn't receive that on this date. I was away and my secretary evidently took it up with my then president, who made the suggestion that the other offices be contacted, and on my return I think the following day, I wired Street that the proposed compromise had the approval of the other executives.

Q.58. Did you receive any information from Mr. Street at that time or about that time as to what attorneys or in what method he had disbursed any of the $100,000.00? A. I did not.

Q.59. Did you ever receive any information from him or any other persons prior to the breaking of the newspaper stories about the persons whom he had employed as attorneys? A. Never.

Q.60. You knew, of course, throughout the whole litigation that Hicks and Folonie had handled it up to that date? A. Right.

Q.61. When you received this telegram, Exhibit No. 267, you knew that Folonie was participating, did you not, in that settlement? A. I don't think I did, no.

Q.62. Well, you knew that Folonie was to be with Street as a trustee? A. Yes, that is all I knew and the first advices that I had had.

Q.63. Did you ever after that inquire about what other attorneys might have helped to negotiate this settlement? A. No, I did not.

Q.64. Do you know of any information coming to the insurance world anywhere that indicated at any time that Mr. Street had employed any other attorneys? A. No definite information, no.

Q.65. Well, did you get any indefinite? Did you have any reason to believe that he had, in fact, employed other attorneys? A. As a matter of fact, I have never received any communication along that line, sir.

Q.66. One way or the other? A. One way or the other.

Q.67. Now, after you received the telegram which has been marked 267, did you thereafter contact the parties to find out if Mr. Street's proposed settlement in that contract would meet with their approval? A. That was done, as I think I told you, during my absence.

Q.68. I see.

The Special Master: You got back and found it had already been attended to and then advised Mr. Street accordingly?

A. Advised Mr. Street to that effect after a characteristic second message from him.

(Photostatic copies of telegrams, handed to the reporter, were marked for identification as "Defendants' Exhibits 268 and 269, EFM.")

Q.69. (By Senator Hollingsworth) Now, Defendants' Exhibit 269 seems to be a second message from Mr. Street? A. That is right.

Q.70. He hasn't heard from you and he simply was checking up on it?

Mr. Berger: The notations on there were made by your secretary?

A. Yes, apparently.

Q.71. (By Senator Hollingsworth) Were those the names of persons to whom your secretary sent— A. (Interrupting) Communicated.

Q.72. (Continuing)— communications giving them the content of Mr. Street's first telegram? A. I assume so, sir.

Senator Hollingsworth: I now offer Defendants' Exhibits 267 and 269.

(Which said Defendants' Exhibits 267 and 269, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

98

99

Postal Telegraph-Cable Company

RECEIVED MAY 16 1935 Geo. A. LONG, Jr.

PRESS TELEGRAM

NA 10 173 NL= CHICAGO ILL 15

GEORGE C LONG. (CONFIDENTIAL)

30 TRINITY ST HARTFORD CONN=

GRAND JURY MAY 16 AM 2 54

EXHIBIT 99 for NOV 29 1939

AT KANSASCITY YESTERDAY WITH ATTORNEYS FOR BOTH SIDES AND STATE OFFICIALS SITUATION MUCH CHANGED BY FEDERAL DECISION REQUIRING COMPANIES TO SHOW REFUNDS IN OLD CASE PAID IN FULL BEFORE THEY DECIDE PENDING CASE WHICH MEANS REFERENCE TO MASTER AND MONTHS OF WORK AT GREAT EXPENSE DECISION ON VITAL POINT IN STATE COURT RENDERED UNDER PRESSURE IN OUR FAVOR BUT WITH SOME BITTER JUDICIAL COMMENT THESE THINGS MAKE NINETY PERCENT SETTLEMENT AS ORIGINALLY PROPOSED IMPOSSIBLE AND GOVERNOR FORMER JUDGE HAS MADE SPECIAL STUDY AND CLAIMS STATE WILL WIN ALL CASES UNDER PRESSURE IS WILLING TO COMPROMISE BUT BEST CAN DO IS EIGHTY PERCENT INSTEAD OF NINETY WE PAYING STATES ATTORNEYS AGREED AMOUNT OUR EXPENSES SLIGHTLY REDUCED MAIN PART IMPOUNDED FUNDS TO COME TO COMPANIES IMMEDIATELY, BUT TWENTY PERCENT TO STATE FOR POLICY HOLDERS, BALANCE TO HE AND FOLONIE AS TRUSTEES PENDING CLEANUP CONSIDERING MISSOURI SITUATION EXISTING TODAY AND LARGE EXPENSE NECESSARY IN FURTHER PROCEEDINGS RECOMMEND THIS SETTLEMENT NO SETTLEMENT EFFECTIVE UNTIL APPROVED BY BOTH COURTS PLEASE RUSH COPIES TO BISSELL LAYTON MCCAIN OTHERS INTERESTED=

C R STREET.

Repeated to Mr. Long and all interested Hartford offices the latter by carbon copy. 5/16/35 delivered by messenger.

99

Postal Telegraph

GRAND JURY'S 1935 MAY 16 PM 1 06

EXHIBIT 100

MAR 29 1939

RECEIVED MAY 16 1935 G. C. L. JR.

234 8=CB CHICAGO ILL 16 1153A

GEORGE C LOMB JR=

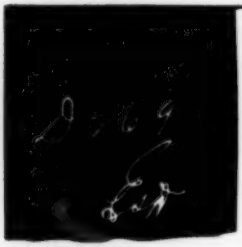
36 TRINITY ST HARTFORD CONN=

ANY OBJECTION HEARD LAST CHANCE TO REGISTER THEM=

C R STREET

Communicated to -

Telephone Your Telegrams to Postal Telegraph



Q.73. Now, I hand you Exhibit 268 and ask you if you recognize that as a telegram out of your office signed by Henry P. Whitman, Vice-President, addressed to Mr. Street, May 16, 1935? A. That is correct.

Q.74. That shows that messages were being transmitted to these other parties? A. That is right.

Q.75. In your absence? A. That is right.

Senator Hollingsworth: I offer in evidence 268.

(Which said Defendants' Exhibit 268, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

Chg. Phoenix Ins. Co.

COPY OF WESTERN UNION TELEGRAM

May 16, 1935.

P

Mr. C. R. Street,
C/o Great American Insurance Company,
(DON'T DWR)
310 South Michigan Avenue,
Chicago, Illinois.

Milligan and Long absent Messages transmitted to other interested Hartford offices who are wiring you dir et Stop Long home tomorrow forenoon

Henry P. Whitman, Vice President

Mr. Long:

Since Miss Hayden 'phoned you Mr. Street's second telegram has been received and the foregoing sent by me after conference with and at the suggestion of President Layton of the National.

H.P.W.

8268

(Photostatic copy of letter, handed to the reporter, was marked for identification as "Defendants' Exhibit 270, EFM.")

Q.76. I hand you Defendants' Exhibit 270, which purports to be a letter signed by W. Ross McCain, dated May 16, 1935, addressed to Mr. Street. Now, Ross McCain is who? A. He is the president of the Aetna Insurance Company.

Q.77. How did that happen to get into your file? A. I found it attached to my file. I have forgotten what it says.

Q.78. Were you just furnished a copy of it? A. I think you will find that Mr. McCain was going to advise Street direct, and he recognizing the community of interest, so to speak, when he wrote him under date of May 16th, he sent me a copy.

The Special Master: Just to keep you advised of his action?

A. Right, to let me know that he had done what he said he would do.

Mr. Berger: Did you put in Mr. Long's wire of May 16th?

Senator Hollingsworth: No.

(Said photostatic copy of telegram, handed to the reporter, was marked for identification as "Defendants' Exhibit 271, EFM.")

Q.79. I hand you Defendants' Exhibit 271, and offer it in evidence. Do you recognize that as a copy of a telegram sent by you to Mr. Street on May 16, 1935? A. Yes, sir.

Q.80. After you had conferred either directly or indirectly with these parties, you simply notified Mr. Street, "No objection registered by Hartford friends"? A. On the messages presented by the other companies. I had had no direct communication with them personally.

Senator Hollingsworth: Defendants' Exhibits 270 and 271 are offered in evidence.

(Which said Defendants' Exhibits 270 and 271, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

RECEIVED
MAY 17 1935
G. C. L. JR.
H.

May 16, 1935.

Mr. C. R. Street, Vice President,
Great American Insurance Company,
310 South Michigan Ave.,
Chicago, Ills.

Dear Sir:

Having wired you today as follows:

"Think important we complete compromise Missouri case Therefore approve new basis stop Feel sure you will see that we do not pay commissions to agents on any except net premiums and that we retain maximum amount rate increase on future business."

I now beg to confirm same.

In my opinion the most important thing is to get this case out of the way on the best basis possible. I have complete confidence in your trading ability and if you feel that 80% is the best that can be done, then I think you should not hesitate too long in closing it.

Yours very truly,

WRM/MC

President.

DOMESTIC SERVICE	CABLE
TELEGRAM	FULL RATE
DAY LETTER	DEFERRED
NIGHT MESSAGE	NIGHT LETTER
NIGHT LETTER	SHIP RADIOGRAM

COPY OF WESTERN UNION TELEGRAM

May 16, 1938

Mr. C. R. Street,
C/o Great American Insurance Co.,
310 South Michigan Avenue,
Chicago, Illinois

No objection registered by Hartford friends

Best of luck to you

George C. Long, Jr.

GRAND JURY
EXHIBIT 91
MAR 29 1939

Record of telegram sent by Mr. Long to Mr. Street from Essex County Country Club

Q.81. Did you ever see Mr. Street after that? A. Yes, but not very many times.

Q.82. You were very glad and all of you were very happy to get the case compromised? A. We were delighted to get it out of the way.

Q.83. After you saw Mr. Street did you make any inquiry of him as to who he had hired to effect this compromise? A. I never discussed the case with Mr. Street afterwards.

Q.84. You never had any curiosity as to who those persons were who had gotten the $100,000.00 and had helped make this compromise? A. I wouldn't say I had no curiosity, but I had no feeling of doubt or suspicion towards Street's employment of counsel that would have induced me to ask him.

Q.85. Did you have any curiosity? A. Not the slightest. I had lost all curiosity in connection with Missouri litigation, marked it off.

Q.86. You knew that Mr. Street and Mr. Folonie continued to act as trustees? A. Under the decree, yes.

Q.87. That was in 1936? A. Yes.

Q.88. That the decree was entered, then the custodian made and in this compromise now the trustees were named to pay certain expenses, were they? A. Yes.

Q.89. Did the trustees ever report thereafter to whom they had paid money as attorneys for the company? A. I presume so. I don't know.

Q.90. Did you see any attorneys mentioned in there whom you thought received any part of the $100,000.00? A. I didn't even know, sir, who our attorneys were, other than Hicks and Folonie. I wouldn't have been able to identify any new attorneys.

Q.91. You knew that under the compromise 30 per cent of the impounded premiums had been set apart for the payment of litigation expenses? A. Yes.

Q.92. You had advanced to Mr. Street how much money in behalf of your company?

Mr. Berger: At what time?

Senator Hollingsworth: At the time the compromise was made.

A. Sixteen odd hundred dollars.

Q.93. No, your company?

Mr. Berger: $6,500.00.

A. $6,500.00.

Q.94. (By Senator Hollingsworth) Did you make any effort to have the trustees repay you that $6,500.00 out of this 30 per cent? A. No, I did not.

Q.95. You knew that the funds were for that purpose, set apart specifically for that purpose, didn't you? A. In a general way, yes.

Q.96. Was there any reason why the trustee shouldn't have immediately reimbursed you for the $6,500.00? A. That is something, sir, that I know nothing about.

Q.97. Did that thought occur to you? A. Never.

Q.98. As to why it came back? A. Never.

Q.99. Did any person in your office make any inquiry as to why you didn't get your $6,500.00 back out of this 30 per cent? A. Not as far as I know.

Q.100. And you never made any effort at any time to get your $6,500.00 back until a distribution came out of the 30 per cent fund? A. No, we never made any effort to get back the $6,500.00 because we were quite content to await a final settlement of the case, and the return in full of such impoundings as might belong to us.

Q.101. Then eventually you got 11 per cent returned out of the 30 per cent fund? A. Yes.

Q.102. Did you receive that when it came into the office? A. No, I did not.

Q.103. Did it come to your attention? A. Brought to my attention after I returned to the office.

Q.104. At that time was it brought to your attention that you were called upon to advance additional attorneys' fees in the sum of 5 per cent, less your original down payment? A. Yes.

Q.105. Was there anything said by you or the person to whom you talked at the time it was brought to your attention about that being an unusual way to handle the trust fund? A. No, not that I recall.

Q.106. And it aroused no curiosity in your mind? A. Passing interest. I don't know that I would call it curiosity. Of course, it so happened that I was pretty much engaged at that time and this was merely an incident in the day, so to speak. My former president was rapidly fading away and I found on my shoulders and in my mind a good many responsibilities which were new, and, as I said a while ago, I had pretty well marked off Missouri and Missouri litigation, so I gave, perhaps, rather casual consideration to this thing.

Q.107. But you did note the fact that it was an unusual situation? A. Yes, it was not an every day matter. In point of amount, of course, with our company, it represented a total expenditure of about $15,000.00.

Q.108. But you did think it of interest that money in the hands of trustees would come to you and then you would be required to pay back to Mr. Street as agent a part of that money? A. Something that I was quite willing, sir, to leave up to Mr. Street.

Q.109. Well, I know, but you did note it? A. Oh, yes.

Q.110. And after noting it, you made no inquiry about it all? A. None outside of the office.

Q.111. Well, did you in the office? A. Merely in discussion with the executive in charge during my absence.

Senator Hollingsworth: I think that is all.

Cross Examination by Mr. Bullitt.

XQ.112. Street and Folonie as trustees didn't commence to function to distribute the 30 per cent until about February, 1936, did they? A. No, apparently not. I am quite vague in regard to the dates.

The Special Master: The first distribution you actually got was the 11 per cent?

A. No, no.

Mr. Murphy: No, he got some from the custodian.

Mr. Bullitt: No, the trustees didn't function until February, 1936, and this transaction of March, 1936, was just a few weeks afterwards. It was almost coincident.

Mr. Berger: They got the 50 per cent.

The Special Master: But the trustees didn't have the 50 per cent.

Mr. Bullitt: But the trustees didn't begin to function themselves until about February, 1936, am I not right?

The Special Master: Then is there anything wrong with my statement that the first distribution he got from the trustees was the 11 per cent?

Mr. Berger: That is right.

(Whereupon, discussion was had off the record.)

XQ.113. (By Mr. Bullitt) When did Mr. Milligan, your former president, cease to be president? A. On his death, April 30, 1937.

XQ.114. During the last two years of his life, was he active in the management of the company or not?

A. Quite active, yes, surprisingly active, but not at his best physically; mentally, fine.

XQ.115. But during the year from May, 1935, on until his death in 1937, had you had to assume a much larger burden in the management of the company than you had done prior to 1935? A. Quite a little.

XQ.116. Did you or Mr. Milligan, so far as you know, or any other officer of your company or your group of companies, know or have any reason to believe or any consciousness that Mr. Street was using any of this money that you contributed or any of the other companies contributed for the purpose of bribing anybody or for the purpose of paying anybody to consent or help to get through the compromise of May, 1935, or the court decree of February 1, 1936? A. We did not, sir.

XQ.117. Was there ever anything whatever during 1935, 1936 or 1937 that excited in your own mind the slightest suspicion that any money had been used by Mr. Street towards paying Pendergast or paying O'Malley or McCormack or anybody else whatever except legitimate expenses to your regular known attorneys? A. There was not.

XQ.118. How long had you known Charles R. Street before his death? A. I think the first time I ever met Mr. Street was in 1919 before I had anything to do with the West. My acquaintance with him ripened after I took charge of the West in 1926. I was never an intimate friend of Mr. Street's, but by reason of my association with organization activities in the West, I came to know him very well.

XQ.119. How long have you been in the fire insurance business? A. You want to expose me, do you? Since 1904.

XQ.120. During that 35 years that you have been in the fire insurance business, have you sufficient knowledge of Mr. Street to know how he was generally esteemed during the latter part of his life by the life insurance fraternity generally, and especially by the chief executives of the big life insurance companies that were interested in litigation? A. Fire, not life.

XQ.121. I meant to say fire. A. I think I can give you a very fair presentation of the esteem in which Mr. Street was held.

XQ.122. Just tell. A. He was unique. I have never met another man like him. You gentlemen probably heard this *ad nauseam,* but it happens that Mr.

Street was the outstanding—with all due respect to the rest of the fraternity—he was the outstanding manager and executive in the midwest. He had apparently only two interests, two subjects in which he took pride. One was the business itself and the other was the midwest. He had a sneaking contempt, I think, for all of us who had anything to do with the business in the East. He used to refer to us as the "Wise Men of the East."

The Special Master: Which you suspected he said with a grain of salt?

A. Yes, with a mental reservation. He was the hardest working man I think I have ever known in the business, reputed to get down to his office between seven-thirty and eight o'clock, left at dark. I think he must have devoted during the time that I knew him, 25 per cent or 30 per cent of his time to the general activities of the business, not to the selfish interests of his own company. He loved the business. He was proud of the part that he took in it. He had a magnificent record in connection with all activities that he conducted, and he was chairman of a great many committees and as chairman he did the work and he did the work with such a fine average of performance that he came to be regarded by all of us who had acquaintance with him as being, as the French would say, without fear and without reproach.

The Special Master: He was the Chevalier Bayard, in other words?

A. Well, in gruff exterior, very blunt, very, stepped on your toes if you got them in his way, but none of us ever questioned his integrity. I attended a fiftieth anniversary party that was given in his honor about a half dozen years ago, and the evidence there of the esteem in which he was held was quite overwhelming. If I may venture a side observation, I would like to say that it will always be a sadness to me that a man who evidently had a great ambition to leave an unsullied name when he passed out should apparently have become involved in a situation which has left that name under a serious cloud.

XQ.123. This opinion that you have expressed, was the opinion entertained generally by the presidents and other high executives of the fire insurance companies? A. I think so.

XQ.124. Involved in Missouri litigation? A. I think so. You will find an occasional man who has permitted

personal prejudice to obscure his impartial judgment, but I think that what I have said about him is very generally true.

Mr. Bullitt: That is all.

Senator Hollingsworth: That is all.

(Witness excused.)

The Special Master: Let us recess until one o'clock.

Whereupon, the further taking of testimony was adjourned until one o'clock p. m. of said Tuesday, August 8, 1939.

AFTERNOON SESSION, TUESDAY, AUGUST 8, 1939.

Pursuant to adjournment as aforesaid, at one o'clock p. m. of said Tuesday, August 8, 1939, came again the same parties, present and presiding as before, and the taking of testimony continued as follows:

JOHN F. GILLIAMS, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. Please state your name. A. John F. Gilliams.

Q.2. Where do you reside, Mr. Gilliams? A. Collingswood, New Jersey.

Q.3. What is your connection with the Camden Fire Insurance Company? A. A vice-president.

Q.4. And were you vice-president in 1935 and 1936? A. I was.

Q.5. And as such official, did you have the active management and control of this fire rate litigation insofar as it was handled out of your office? A. No.

Q.6. Who did handle it? A. Mr. Barry Truscott, another—

Q.7. (Interrupting) Is he living? A. He is in the hospital with typhoid fever.

Q.8. Where is he in the hospital? A. Cooper Hospital, Camden. He has been there for sometime. He was taken last Tuesday from up in Pennsylvania and brought home yesterday.

Q.9. Did you learn when the Missouri fire rate litigation was compromised? A. Very likely I knew of it through reading the Journal of Commerce and insurance magazines. I undoubtedly must have known it, yes.

Q.10. Before the compromise was effected did you have any knowledge or information concerning the negotiations for the compromise? A. None whatever.

Q.11. Did you know that a fund of $100,000.00 had been raised in connection with it? A. I did not.

Q.12. When did you first hear of it? A. I don't think I heard of it until this morning, as a matter of fact.

Q.13. Then after the settlement was made, you knew the break-up of the impounded premium fund, 20 per cent to the policyholders, 30 per cent to trustees for the payment of legal expenses, and 50 per cent outright to the companies? A. I suppose I read of it at the time, but it made no deep impression. It was no matter of concern personally to me.

Q.14. And then did you handle the bookkeeping transactions or have anything to do with them as the remittances came in under that decree? A. No, nothing whatever.

Q.15. Were you advised of the fact that 11 per cent of that first 50 per cent or substantially 50 per cent came in from the custodian? A. No.

Q.16. You didn't know anything about the 11 per cent? A. No.

Q.17. Your company did issue a check, I believe, for 5 per cent of your impounded premiums on March 23, 1936? A. That is the check issued in our office at that time. I didn't know what percentage it was at all.

Q.18. Was there a requisition for that check? A. I don't think so. It was verbal.

Q.19. Who gave the verbal request? A. I did.

Q.20. Where did you get the information for the issuance of the check? A. Mr. Paul Haid telephoned to me, stating that he had a check—I don't recall the amount—in hand, in connection with this Missouri litigation, and that he was putting that in the mail and would I please return him a check drawn to the order—I suppose from what I heard this morning it was Mr. Street, but I wouldn't remember whether it was Street or Street and Folonie, and I scribbled the amounts down on a pencil memorandum and handed them to Mr. Makin, our assistant secretary, and he drew the check for legal expenses.

(A voucher and a check, handed to the reporter, were marked for identification as "Defendants' Exhibits 272 and 273, EFM," respectively.)

Q.21. I hand you Defendants' Exhibits 272 and 273, and ask you to state if they are respectively the requisition and the check issued pursuant to the requisition? A. They are, sir.

Q.22. Now, prior to that time it had been handled by the gentleman whom you say is sick? A. Yes, Mr. Truscott.

Q.23. What was the occasion of your handling it at this time instead of Mr. Truscott? A. I was wondering about that this morning, but I think the reason was that Paul Haid and I were associated together, traveled for a small Philadelphia insurance company. Whenever Paul has had anything to take up with the Camden, he has always taken it up with me, because we were old and close personal friends years ago. I can't even remember now whether Mr. Truscott was away on a vacation that he usually takes in February at the time or not, whether that was the occasion that it was switched to me, whether he called Truscott and Truscott was away, I don't know, but I have known Haid personally for 30 years.

Q.24. You never undertook to find out whether these legal expenses were necessary or had been actually expended or anything else? A. No, I did not.

Q.25. Simply on Mr. Haid's call you paid them out? A. I would be inclined to do the same thing tomorrow on Mr. Haid's request in a matter of litigation.

Q.26. After this Missouri affair? A. Yes, I think so. I have perfect confidence in Paul Haid.

Senator Hollingsworth: We offer in evidence Exhibits 272 and 273.

(Which said Defendants' Exhibits 272 and 273, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

IN PAYMENT OF

Legal Expenses in connection with Recent Liquidated problems.

CAMDEN FIRE INSURANCE ASSOCIATION

VOUCHER NUMBER 67855

No. 48095

Camden, N. J., March 23, 1936

Drawn to the order of

S. B. Stern's Agent ..... $ 2,391.59

..... Dollars

ACCOUNTS	AMOUNTS	ACCOUNTS	AMOUNTS	ACCOUNTS	AMOUNTS
201 Agency Fire		510 Advertising		600 Pkg. Equip.	
202 Agency Auto		517 Bks., Stgs. and Sta.		640 Pkg. Material	
240 Agency Fire		527 Cash Transfers		810 Licenses and Fees	
245 Cash B. P.		540 Exam. Trav. Exp.		823 State, Co. & Mun. Tax	1
810 Earthquake		550 Fire Dept. Tax		E&O	2,391 59
807 Hail		556 Fire Prev. & Sav. C.		Losses Adj.	
203 Leased Auto		559 Furn. and Fix.			
804 Lead Fire		564 Ins. Department			
113 Marine		587 Newspapers—Mags.			
811 Windstorm		590 " Bonds			
115 Miscellaneous Ins.		590 " Stocks			
809 Riot and Explosion		605 Postmaster			
802 Sprinkler Leakage		622 Post. Tel. & Exp.			
814 U. S. Fire Agency		630 Pkg., Stor'g & Insp.			
871 Inland Marine		701 Subscriptions			

Audited by [signature]

Posted by [signature]

Drawn by [signature]

Approved by [signature]

DRAWN ON No. 2 THE PHILADELPHIA OFFICE First Camden Nat'l Bank & Trust Co. CAMDEN, N. J.

8772

IN PAYMENT OF

Legal Expense in connection with Missouri impounded premiums.

CAMDEN FIRE INSURANCE ASSOCIATION

No. 18095

Pay to the order of

Camden, N. J., March 23, 1936

C. E. Strgt, Agent $ 2,301.59

THE SUM OF $2301 AND 59¢ Dollars

CAMDEN FIRE INSURANCE ASSOCIATION

Elmer S. Thompson Pres.

Charles W. Mosher Secretary

2 55-85

PAYABLE THROUGH

FIRST CAMDEN NATIONAL BANK AND TRUST CO.

CAMDEN, N. J.

OR THROUGH ITS PHILADELPHIA BRANCH

ENDORSEMENT OF THIS VOUCHER CHECK CONSTITUTES ACKNOWLEDGEMENT IN PAYEE OF FULL PAYMENT ACCORD AND SATISFACTION OF THE TERMS ENGRAVED ON THE FACE OF THIS CHECK

C E Strgt Agent

2-32 2-32 DVD

9 2 7 3 8

114

Senator Hollingsworth: I think that is all.
Mr. Bullitt: No questions.
(Witness excused.)

J. D. SMART, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Judge Henson.

Q.1. State your name, please. A. J. D. Smart.

Q.2. Mr. Smart, what is your connection with the New Hampshire Fire Insurance Company group? A. I am president of both the New Hampshire and the Granite State.

Q.3. That Granite State is a subsidiary Company? A. Yes, sir.

Q.4. How long have you held that position with these two companies? A. Since last September.

Q.5. What was your connection, if any, with these companies in 1935 and 1936? A. I was vice-president of the New Hampshire and secretary of the Granite State.

Q.6. State whether or not you attended a meeting at Hartford on May 3rd, or thereabouts, 1935, in which the Missouri rate controversy was discussed. A. I did not; never heard of such a meeting.

Q.7. No one who was present ever told you about it? A. No.

Q.8. Now, Mr. Smart, you are aware of the fact that these two companies had their suits in the Federal District Court, Western District of Missouri, the suits starting about June 1st, are you? A. Yes, sir.

Q.9. And who was managing that litigation for your companies? A. Well, we depended upon the Actuarial Committee.

Q.10. You mean the Subscribers' Actuarial Committee? A. Yes, sir.

Q.11. I assume you refer to the committee of which Mr. C. R. Street is chairman? A. Yes, sir.

Q.12. And where was its headquarters, if you know? A. Chicago.

Q.13. Now, I suppose you heard that this Missouri rate litigation was compromised or settled at sometime; you heard that? A. Yes, sir, we had notice. Well, are you talking about the compromise or the decree?

Q.14. First the compromise, if you know. I don't mean to be tricky. A. No, no, I just wanted to understand.

Q.15. Assuming a compromise settlement to have been signed May 18, 1935, state when with reference to that date you may have heard of that, if you did hear of it. A. Well, I don't believe I can answer that. I don't know just when I did hear of it.

Q.16. Now, the decree of distribution by the Federal Court was made February 1, 1936. With reference to that date, state when, if ever, you had knowledge of that decree, if you did have knowledge. A. We had a letter citing the decree, which came in—I have a copy of it here, and that was dated February 4th. We probably had it the 6th or the 7th.

Q.17. Would you let me see that a moment? (Said letter was handed to counsel.) Well, your companies received this in due course of mail? A. Yes, sir.

Q.18. Which, I suppose, was shortly after February 4, 1936? A. Yes, sir.

Q.19. Under the terms of the letter, what did you understand to be the distribution made? A. Well, we received, I know, 50 per cent at the time from the custodian.

Q.20. That is 50 per cent of the impoundments of your companies? A. Yes, sir, and we were to receive a total of 80 per cent, or rather we would receive 80 per cent less expenses.

Q.21. Do you recall that 30 per cent was set out to trustees for expenses? A. Yes, sir.

Q.22. Do you recall who the trustees were? A. Well, Mr. Street and Mr. Folonie.

Q.23. What about the other 20 per cent? A. That was to go to policyholders.

Q.24. Now, in a general way I will ask you whether or not $93,043.54 was the total impoundments to May 1, 1935, of your two companies? A. Well, I would say that must be so. That doesn't quite agree with what I had in mind. I thought it was $102,000.00. This is the statement we made, of course (indicating).

Q.25. I am talking about the impoundments to May 1, 1935, your total impoundments. Probably you have in mind what was after that date? A. Yes, sir, that is what I have in mind, and I have a notation here.

Q.26. You will observe the document here, it says "To May 1st." A. Yes, sir, "To May 1st." What I had in mind was up to November 10th.

Q.27. Just state, if you can, what the impoundments of your companies were to May 1, 1935. A. Well, I would take this figure, $93,043.54.

Q.28. Did you have general information as to the total impoundments which all companies had involved in that rate litigation? A. Yes, that information came to us and I couldn't quote the figure.

Q.29. Do you recall what it was? A. Well, upwards of $9,000,000.00 I would say.

Q.30. What was your understanding of this 30 per cent, set out to Street and Folonie? You once, I believe, said it was for expenses. What did you understand; if the entire sum was not required for expenses, what did you understand the remainder should be used for, to whom should it go? A. To be returned to the companies, prorated, of course.

(Documents, handed to the reporter, were marked for identification as "Defendants' Exhibits 274, 275, and 276, EFM.")

Q.31. Now, Mr. Smart, I show you what has been marked "Defendants' Exhibit 274." State what that exhibit is. A. That is a check made payable to C. R. Street, and mailed to Mr. Haid at Mr. Haid's request.

Q.32. That is a photostat of the check? A. Yes, sir.

Q.33. And the endorsements? A. Yes, the endorsements—I didn't look at those; yes, sir.

Q.34. Did you have anything to do with issuing that check? A. Yes, sir, Mr. Haid called me on the telephone and I requested our treasurer to issue such a check, which he did.

Q.34½. What did he tell you the check was for? A. Well, I have a copy here of the exact words of Mr. Haid. He tried to explain this to me, and I told him I thought it would be wise if we had a stenographer take it down. That is the statement, all right.

Q.35. Mr. Smart, I show you Defendants' Exhibit 275, and I will ask you if that isn't a photostat of what you have there before you. A. Yes, sir, of a similar letter. That is our photostatic copy.

Q.36. How did you say this came to be made? A. On a telephone call from Mr. Haid from New York, and this statement really tells the story.

Q.37. Who transcribed this statement? A. A stenographer in our office.

Q.38. How did the stenographer happen to know what to put on the statement? A. Well, I had her take it over the phone from Mr. Haid. That is after he talked with me. It seemed to be quite a long, drawn-out explanation, and I thought I had better have it down on

paper, so I asked him to repeat it over the phone to the stenographer.

Q.39. Did he know that he was repeating it to the stenographer? A. Yes, sir.

Q.40. And you called the stenographer and this is what the stenographer gave you? A. Yes, sir.

Q.41. Did you listen in on the conversation to know whether this is correct? A. Not with the stenographer, no, but this is, I would say, just exactly what he read me, only perhaps the wording is a little different.

The Special Master: You don't know whether the wording is different or not?

A. No, I wouldn't say so. I do think he gave it a little longer to me, but this embodied all that he told me.

Q.42. Now, Mr. Smart, referring to the memorandum there, state whether or not he was telling you that you were getting a 11 per cent check, 11 per cent of your impoundments? A. Yes, sir, we were to receive such a check.

Q.43. Did you get that check? A. That check came in later.

Q.44. State whether or not that check of 11 per cent was in your hands before you issued the 5 per cent check? A. It was not.

Q.45. Did he tell you anything more than is in this memorandum as to whose check the 11 per cent check was or was to be? A. No, he did not. He simply stated that they were to pay back the 11 per cent.

Q.46. Whom did he mean by "they," if you know? A. Mr. Street primarily.

Q.47. The committee or the trustees or who? A. The trustees, I presume. I don't think he mentioned who it would be, but we would receive immediately 11 per cent.

Q.48. State whether or not your company had a very short time before this received 50 per cent of your impoundments from the custodian of the Federal Court. A. Yes, sir, we did.

Q.49. So I take it then that you knew the 11 per cent was not out of the 50 per cent? A. That is correct.

Q.50. And where else could the 11 per cent be out of except out of this 30 per cent? A. Well, it, of course, must have been out of the 30 per cent.

Q.51. You undoubtedly so understood it at the time? A. Yes, sir.

Q.52. Then he called on you for a check of 5 per cent of your impounded funds. Now, in your memorandum he says he needs that immediately to meet expenses. Did he tell you what expenses? A. Legal expenses.

Q.53. He told you legal expenses? A. Yes, sir.

Q.54. Do you know why that wasn't in this memorandum, and it merely says "expense"? A. That is true; it says "expense," but the last words are, "We presume you will want to charge this as legal expense," and we did so.

Q.55. I presume that is where you got the idea it was legal expense? A. Yes.

Q.56. Did you ask Mr. Haid what legal expense it was? A. No.

Q.57. Did you know without asking? A. No, sir, Mr. Haid was acting as a transmitting agent. He was simply facilitating the work of getting in this 5 per cent in order to clear up this whole situation. That he told me before I took the statement.

Q.58. Did it seem strange to you that you would get a check for 11 per cent out of the 30 per cent impounded funds, which was a fund for expenses, and at the same time would be called upon for 5 per cent of your impoundments for legal expenses? A. No, it didn't seem strange. This has been a trying situation for years, and it looked as though it was coming to a conclusion and they needed cash immediately.

Q.59. Well, as you have understood the decree, you have been so advised there was 30 per cent of all of the impoundments set aside for expenses? A. That is true, but that was set aside in February, February 1st, and whether they had funds in their hands or not, we had no way of knowing.

Q.60. Well, wouldn't you assume and didn't you assume that if they were able to pay you 11 per cent out of that 30 per cent fund, there remained sufficient for legal expenses? A. Yes, that is a natural assumption.

Q.61. Then why would you respond so readily to pay 5 per cent for expenses when there was a fund already out provided for it? A. Because of the fact that we were depending entirely upon the Actuarial Committee, Mr. Street, and this being transmitted through Mr. Haid was enough for me.

Q.62. Was Mr. Haid a member of the Actuarial Committee? A. No.

Q.63. Was he connected in any way with your litigation or your suits down there? A. I think not.

Q.64. How did you respond so readily to Mr. Haid's request? A. Because he was acting as an Eastern representative for all of the companies in order to facilitate this transaction.

Q.65. Did you know that at that time? A. Yes.

Q.66. You took his word for it? A. Yes.

Q.67. You didn't have anything from Mr. Street? A. No, sir.

Q.68. Or Mr. Folonie? A. No, sir.

Q.69. Now, they said, "We presume you will want to charge this as legal expense." That is on the memorandum? A. Yes, sir.

Q.70. Did that arouse any suspicion when they say, "We presume" you will want to do it? A. No, sir.

Q.71. It doesn't say definitely where to charge it? A. No, it does not, but it seemed logical to charge it to legal expense.

Q.72. I suppose then that you transmitted the check of which Exhibit 274 is a photostat, to Mr. Haid? A. Yes, sir.

Q.73. Now, state whether or not you sent a letter along with the check. A. Our treasurer did.

Q.74. Mr. Swallow? A. Yes, sir.

Q.75. I show you Exhibit 276, and ask you if that is the letter? A. Yes, sir.

Judge Henson: I wish to introduce or offer in evidence Defendants' Exhibits 274, 275 and 276.

(Which said Defendants' Exhibits 274, 275 and 276, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

No. 158677

158677

LEGAL EXP. Manchester MARCH 21, 1934

Pay to the order of C. R. STREET, AGENT $4652.18

FOUR THOUSAND SIX HUNDRED FIFTY-TWO & 18/100 Dollars

To the
MERCHANTS NATIONAL BANK
MANCHESTER, N. H.

309

Pres't Treas.

122

122

Memorandum of telephone conversation from Paul L. Haid, New York City, to James D. Smart at New Hampshire Fire Insurance Company Office, Manchester, N. H.

To facilitate transaction Mr. C. R. Street, who as you know, has directed the rate litigation in Missouri, has asked us to transmit to you an additional payment amounting to 11% of the total amount of impounded premiums as of May 1st. We shall forward check at once for $10,234.79. As Mr. Street has immediately to meet expenses which require approximately 5% of the impounded premiums, may we promptly have your check for $4,652.18 made payable to C. R. Street, Agent, or if you prefer, to R. K. Polonie, Agent. Do not make your check payable either to Mr. Street or Mr. Polonie as Trustee. We presume you will want to charge this as legal expense.

March 21, 1936

68.54
3.27
3.49
75.77
75.77
75.77
8.56

4781.58
139.49
343.28
98.06
5362.41

123

New Hampshire Fire Insurance Company

Manchester, N. H.

ADDRESS CORRESPONDENCE TO THE COMPANY

March 21, 1938

Mr. Paul L. Haid, President
Insurance Executives Association
116 John Street
New York, N. Y.

Dear Sir:

As requested by your telephone conversation with Vice President Smart today, we are enclosing check to the order of G. H. Street, Agent, for $4,658.18, which is in payment of expenses in connection with the Missouri rate case.

We understand that we are to receive from you an additional refund of impounded premiums amounting to $10,234.79.

Very truly yours,

Geo. W. Sullivan

Secretary-Treasurer

GWS:HD

Enc.

D776

Q.76. Now, I believe you said that you realized that the total impoundments in Missouri were over $9,000,000.00? A. Yes, sir.

Q.77. Thirty percent of that would be more than two and a half million dollars? A. That is correct.

Q.78. And notwithstanding that, you contributed a check of your two companies, amounting to $4,652.18 toward expenses? A. Yes, sir.

Q.79. You did that without knowing anything more about it than what is on this memorandum that your stenographer took of Mr. Haid's conversation? A. That is correct.

Q.80. Did you ever see Mr. Haid after that to ask any explanation of these legal expenses? A. No, sir.

Q.81. Did you ever see Mr. Street after that? A. No, sir.

Q.82. Did you ever have a letter from either one of them? A. No, sir.

Q.83. Or explanation. Did you see them at any of the insurance gatherings? A. Well, I never saw Mr. Street in my life. I saw Mr. Haid a number of times subsequent to that date, but this question never came up.

Q.84. You never asked any further explanation? A. No, sir.

Q.85. And none was ever given to you? A. No, sir.

Q.86. State whether or not you have ever had any accounting for this 5 per cent that was paid in by anybody, from anybody? A. No, sir.

Q.87. Is there anyone else here from your company? A. Yes, sir, Mr. Swallow, our treasurer, is here.

Q.88. Have you given me all the information within your knowledge relating to the payment of this 5 per cent check? A. Yes, sir, that is the whole story.

Judge Henson: All right. That is all.

Cross Examination by Mr. Bullitt.

XQ.89. How long had you known Mr. Street? A. Never knew Mr. Street.

XQ.90. Did you or anybody in your company so far as you know have any knowledge or any intimation that Mr. Street was going to use any of this money either for bribery or to pay anybody to get them to consent to this compromise agreement? A. No, sir.

XQ.91. Or have any intimation of anything connected with the use of money for any improper purpose or any purpose except legal expenses? A. That is all, none whatever.

Re-Direct Examination by Judge Henson.

RDQ.92. Did you refer this to your Board of Directors or have it referred to them? A. This particular check?

RDQ.93. Yes. A. No, sir.

RDQ.94. Why didn't you? A. Well, it is the usual business to handle this matter by the administration.

RDQ.95. Is that the way to get money out of your company for somebody to telephone and want it? A. Well, under some conditions, yes, sir.

The Special Master: What conditions?

A. Conditions where a matter in which a large number of companies are interested, and it is being handled by a committee, a committee in whom we have confidence, as we did in this case, entire confidence.

The Special Master: The reason I asked the question, you can see for yourself that your first answer really wasn't complete, and it was not what you intended to say.

A. Yes, sir, I appreciate that. When this matter was developed, it was a shock to us.

RDQ.96. Mr. Smart, if a fire claim is presented to your company, what would you have in the files before you would pay a claim? A. Well, we would have to have, of course, a proof of loss signed and sworn to.

RDQ.97. If the claim is paid, you at least have a proof of loss? A. Yes, sir.

RDQ.98. And you are satisfied of the loss? A. Yes, sir.

RDQ.99. Then the check is written? A. Yes, sir.

RDQ.100. In case a suit is brought and you are contesting the policy, how do they get money out of you in case there is a recovery? A. Well, we would have the decree of the court, I presume. We don't have many such cases.

RDQ.101. And then you would have the receipt, I suppose, of the party that made the recovery? A. Yes, sir.

RDQ.102. But you have taken no such precautions as that in the payment of your 5 per cent impounded funds in this case? A. No, we don't, in the matter of expenses.

RDQ.103. Under the circumstances, you answered the court? A. Yes, sir.

Judge Henson: All right. That is all.

Re-Cross Examination by Mr. Bullitt.

RXQ.104. Were you getting a lot of money in from this committee? A. Yes, sir.

RXQ.105. You were paying some of it back which you understood to be the necessary expenses for getting in what you got in? A. Yes, sir.

RXQ.106. Therefore, when you were getting money in and you were only paying some of it back, you thought it was all right? A. Yes, sir, and we were very happy to see the conclusion, and felt we were reaching a conclusion of that unhappy situation.

RXQ.107. And isn't it also so that when a committee that has charge of a matter in which a lot of companies have got a common interest and looking after it in any way, and they send in a request for a contribution for expenses, you pay it and just rely on the committee as making a proper request? A. Yes, sir, we do.

RXQ.108. You have done that recently from this very committee? A. I presume we have.

RXQ.109. You paid about 2 per cent for expenses in the last month or so? A. Now, I am not aware of that, but we may well have done that very thing.

Mr. Bullitt: All right.

(Witness excused.)

GEORGE W. SWALLOW, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Judge Henson.

Q.1. Mr. Swallow, what is your connection with the New Hampshire Fire Insurance Company and the Granite State Insurance Company? A. I am the secretary-treasurer of the New Hampshire Fire, and the secretary of the Granite State.

Q.2. Was that your position in 1935? A. Yes, the same title.

Q.3. I call your attention to Defendants' Exhibit 274, apparently a photostatic copy of a check covering 5 per cent of your impoundments, just to call your attention to it. A. Yes, sir.

Q.4. Did you sign that check? A. I did.

Q.5. You and Mr. Smart, who was on the witness stand? A. Yes, sir.

Q.6. Now, Mr. Swallow, state what induced you to sign your name to the check. A. Mr. Smart has already testified that he received a telephone call from Mr. Haid requesting this payment. We had previously received a letter, which has previously been mentioned, under date of February 4, 1936, outlining the terms of the settlement and explaining the method of handling the distribution, and Mr. Haid's request seemed to tie in with the explanation given in that letter.

Q.7. Where did it tie in, Mr. Swallow? A. The letter states, "that money coming into the hand of C. R. Street and R. J. Folonie, Trustees, will be employed to discharge debts, etc." The wording of that indicated, "coming into the hand" at some future time, as though they had not at that time received it, and that this money was needed to meet expenses as outlined in paragraph 10 of that letter.

Q.8. Weren't you aware of the fact that the entire 30 per cent of your impoundments went into that fund to Street and Folonie? A. Oh, yes, but this would indicate that they had not as yet received it. This letter was written on February 4, 1936.

Q.9. State whether or not you did receive something out of that 30 per cent. A. We had not received it at that time, sir. We did receive it a short time afterwards.

Q.10. I am going to make this short. You have heard Mr. Smart's testimony? A. Yes, sir.

Q.11. You didn't communicate with Mr. Haid? A. I did not.

Q.12. You didn't hear the conversation? A. I did not.

Q.13. Either end of it? A. No, sir.

Q.14. Do you know anything more about this than Mr. Smart has testified? A. No, sir.

Judge Henson: That is all.

Mr. Bullitt: No questions.

(Witness excused.)

HENRY P. WHITMAN, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. Mr. Whitman, what is your connection with the Phoenix? A. Vice-President.

Q.2. That is the group, is it? A. Yes, sir.

Q.3. What did you have to do with the handling of any of the details of the Missouri fire rate litigation? A. Not a single thing until March, 1936.

Q.4. In March of 1936, you knew that the compromise had been made? A. No.

Q.5. You didn't know that? A. I had no knowledge of the case.

Q.6. And in March, 1936, what happened in connection with it that brought it to your attention? A. The first I knew of it officially was a call from Mr. Haid.

The Special Master: Just a minute. Did you use that word "officially" advisedly? He is asking you what you knew. It is a matter of knowledge.

A. Well, no papers ever passed over my desk; I never read any of them. They never were referred to me by any other officer, and I, of course, read about the case in the papers.

The Special Master: All right.

A. But I have learned more here than I ever knew about it.

Q.7. Did you know, whether officially or unofficially, as to the terms of the compromise? A. No, sir.

Q.8. You didn't know that 20 per cent was to go to the policyholders? A. No, sir.

Q.9. And 30 per cent for expenses? A. No, sir.

Q.10. You had never read that even casually? A. No, sir.

Q.11. So your sole and only connection began when Mr. Haid called you over the telephone in March, 1936? A. Right.

Q.12. Do you know why Mr. Haid communicated with you? A. I think I do.

Q.13. Why was that? A. I have known Mr. Haid a great many years. I was the senior officer in charge. Our late Mr. Milligan was president, and he was on the coast with Mr. Long, and Mr. Haid called me.

Q.14. Did you make any memorandum of Mr. Haid's conversation? A. I think I only made just a memorandum of the amount of the check he asked for.

Q.15. Did you keep that memorandum in your files? A. I haven't been able to locate it.

Q.16. What did Mr. Haid tell you? A. He told me that I wouldn't know anything about the case, but that I knew him and knew Mr. Street, which I did, and that Mr. Milligan and Mr. Long would approve his asking me

to send this check. I don't remember his quoting any percentages. I took a memorandum of the amount and gave it to our comptroller and he drew the check.

Q.17. Is that all he told you? A. Yes. He told me I could depend on his word, that it would be all right for me to send him the check, and I was satisfied it would.

Q.18. Those are all the details that he told you? A. Yes, sir.

Q.19. And you thereupon sent the check? A. Yes, sir.

Q.20. With no further knowledge concerning it? A. Right.

Q.21. And then did you afterwards communicate with Mr. Long? A. Of course, when he came home, I communicated with him and Mr. Milligan verbally.

Q.22. Mr. Long is the gentleman who testified this morning? A. Yes, sir.

Q.23. Did Mr. Long ask you what it was for, what the check was for? A. No, sir.

Q.24. Did he ask you anything in connection with it in any way? A. No.

Q.25. And all you communicated to Mr. Long these facts that Mr. Haid had told you, that it was all right for you to send the check, and that it would meet with the approval of Mr. Long and Mr. Milligan? A. Right.

Q.26. Did he tell you it was 5 per cent of the impounded premiums? A. No, sir.

Q.27. Did he tell you that a check was coming? A. He told me a check was coming, Haid told me a check was coming? Yes, Haid did tell me a check was coming.

Q.28. Did he tell you how much it was in percentage? A. In dollars I think he said some $30,000.00. I don't remember. Of course, I know the amount now. I have looked it up.

Q.29. But did you know what it was? A. No.

Q.30. I mean what fund it was out of? A. No, he said, if I may tell what he said, "You will get a check for so much and I want you to send me a check for so much."

Senator Hollingsworth: I think that is all.

Mr. Bullitt: That is all.

(Witness excused.)

JOSEPH K. HOOKER, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Judge Henson.

Q.1. State your name, please. A. Joseph K. Hooker.

Q.2. Mr. Hooker, what connection have you with the Automobile Insurance Company and the Standard Fire Insurance Company? A. I am vice-president.

Q.3. And were you vice-president in the years 1935 and 1936? A. Yes, sir.

Q.4. Who is Mr. Stinson of your company? A. He was the senior vice-president in the Fire Department.

Q.5. And was that his position and situation in the years 1935 and 1936? A. Yes, sir.

Q.6. Where is Mr. Stinson at this time? A. He was retired a year ago.

Q.7. And where does he live? A. Hartford, West Hartford I think.

Q.8. Is he in West Hartford, Connecticut, now? A. I don't know, sir.

Q.9. When did you see him last? A. I saw him either last Wednesday or Thursday.

Q.10. Where did you see him? A. He came into the office.

Q.11. Did he come alone? A. Yes, sir.

Q.12. He has apparent strength to walk and get around? A. Yes, sir.

Q.13. That was last Wednesday? A. He has a little limp from the stroke he had.

Q.14. Is he all right mentally? A. I don't know as I am qualified to answer that.

Q.15. He is apparently a normal man, isn't he, mentally? A. I think so.

Q.16. And the Stinson you are talking about is the officer of your company? I have forgotten his initial. A. Alfred.

Q.17. Alfred Stinson. Have you had any occasion to communicate with Mr. Stinson since last Wednesday? A. I saw him Friday, sir.

Q.18. Where did you see him Friday? A. In the office.

Q.19. He was in the office Friday? A. Yes, sir.

Q.20. What was his health and strength then? A. Just the way he has been ever since his stroke.

Mr. Bullitt: What is that?

A. His condition since his stroke hasn't materially changed; he has made some improvement and can get himself about.

Q.21. Did you talk with him, converse with him on the occasion Friday and last Wednesday too? A. Yes.

Q.22. He talked normally and rationally, did he? A. Yes, sir.

Q.23. Do you know why he isn't here today? A. I think I do, sir.

Mr. Bullitt: What is that?

A. I think I do, sir.

Q.24. Why? A. He came to me and said he didn't know how his condition would be, that he was going to see his doctors.

Q.25. When was that? A. Wednesday.

Q.26. But you saw him after that? A. Yes, sir.

Q.27. Did he tell you he had seen his doctor? A. Yes, sir.

Q.28. Did he report anything about what his doctor said? A. He gave me a certificate from his doctor.

The Special Master: You say he had a stroke?

A. Well, I am not sure of the medical terms. I know he had high blood pressure and had a stroke in the office and was out a year.

The Special Master: By "a stroke" you mean he had a hemorrhage on the brain; is that what you mean?

A. Well, I don't know the medical terms.

Mr. Murphy: A stroke of apoplexy, did he, you mean?

A. Yes.

The Special Master: That is what it is.

Q.29. (By Judge Henson) Is that what it was? A. I don't know technical medical terms, Mr. Attorney. I know he was retired a year ago.

Q.30. He retired a year ago? A. Yes.

(A certificate, handed to the reporter, was marked for identification as "Defendants' Exhibit 277, EFM.")

Q.31. I show you Defendants' Exhibit 277, dated August 4th. Is that the certificate Mr. Stinson brought you you are talking about? A. Yes, sir, that looks like the one that I received from him.

Q.32. He has never brought or sent you any later certificate than this, has he? A. No, sir.

The Special Master: Let me see the certificate. (Said certificate handed to the Master.) Just let me

ask you this: I want to see what we are getting here. Do you have some doubts as to whether the man is able to testify?

Judge Henson: I wanted to be very certain that he was not before we should excuse him. The certificate is not sworn to.

The Special Master: I understand, but this man is not responsible. It seems to me that if you want to attack the certificate that this is a Hartford doctor. He is right here; you ought to ask him. I do not see how this man could do anything. If the man has had apoplexy, the fact he is on his feet would not have the slightest tendency of showing he is capable of testifying, but if there is any reason that you doubt the certificate, I suggest you get the doctor here.

Senator Hollingsworth: Does he say anything about his future condition?

Judge Henson: I am interested entirely in making the record. If you will get the doctor here, I think it is all right to excuse him.

Mr. Murphy: Do you want the doctor?

Judge Henson: I believe so.

Q.33. (By Judge Henson) Now, Mr. Hooker, there has been some testimony that Mr. Street had a meeting here in Hartford on May 3, 1935, regarding the Missouri rate controversy. Now, I will ask you whether or not you were at that meeting? A. No, sir.

Q.34. Do you know whether Mr. Stinson was there or not? A. Yes, sir, I understood he was.

Q.35. Did you know at the time that he was here that he was at the meeting, or did you learn it afterwards? A. My recollection is I learned it afterwards.

Q.36. About how soon afterwards did you learn it? A. I can't fix—it must have been within a reasonable time, a week or something like that.

Q.37. A week or such a matter as that. From whom did you get that information? A. Mr. Stinson told me.

Q.38. He told you about it. I show you Exhibit 261, and will ask you if you are familiar with this memorandum that Mr. Stinson made? A. Yes, sir, that is his signature.

Q.39. That is his signature; is that all you know about it, that it is his signature? I don't want to be tricky. Did you have anything to do with the preparation of that memorandum? A. No, sir.

Q.40. Did you hear it dictated or prepared? A. Oh, no.

Q.41. Can you give me a general idea when the knowledge of this memorandum came to your attention? A. I think it was probably the following week.

Judge Henson: Then Mr. Stinson will be excused, and you needn't get the doctor. I will offer in evidence this Exhibit 277.

(Which said Defendants' Exhibit 277, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

"DEFENDANTS' EXHIBIT 277."

"604 Professional Building
One-Seventy-Nine Allyn Street
Hartford, Connecticut

G. Gardiner Russell, M.D.
Benjamin V. White, M.D.
Telephone
7-6441

To Whom It May Concern:

This is to certify that Mr. Alfred Stinson has been under my professional care for several years; that I have treated him for certain serious physical impairments; and that in my opinion his condition is now such that it would involve grave possibilities of danger to his health if he were to be subjected to the nervous and mental strain of examination and cross-examination as a witness in legal proceedings of any character.

(Signed) G. Gardiner Russell

Dated at Hartford, Connecticut
August 4, 1939"

The Special Master: So far as your record is concerned, you have shown a doctor's certificate, and prima facie, that is a good reason for not producing him. Now, it seems to me with that standing, it is a question as to whether the other people want to attack the showing you have made, and if so, they must do so by evidence. Nobody would pay attention to the attack they would make by argument, after having sat here and not having done anything at the hearing.

Cross Examination by Mr. Bullitt.

XQ.42. When did he have the stroke? A. I think it was the early part of 1938.

XQ.43. How did it affect him? A. It occurred in the office, and he became unconscious and was taken home in an ambulance.

XQ.44. Has he ever been back in active business since? A. Yes, sir, he came back after about six or seven months part time, trying it out.

XQ.45. How old is he? A. I will have to guess.

XQ.46. Roughly? A. I think he is around 66 or 67.

XQ.47. Close onto 70? A. It is in that neighborhood.

XQ.48. Has he ever had a second stroke? A. I don't know. Not to my knowledge.

XQ.49. When was he retired from the company? A. The action was taken a year ago this time.

XQ.50. And he was retired within a few months after the stroke? A. No, the retirement came after he came back to the office to try the part time work.

XQ.51. And couldn't do it? A. It didn't seem to be proper to continue, and he was retired in the summer of 1938.

XQ.52. He had the stroke in the early part of 1938? A. Yes, sir. I may get—am sure it was the early part of '38, or it might have been '37. I am not sure whether it was '37 or '38.

XQ.53. Has he been able during the past year to do any mental or physical work at the company? A. His last appearance was, I think, in August, 1938, when he had any official work to do.

XQ.54. Does he do any other business of any kind now? A. Not that I know of, sir.

The Special Master: I do not see what all this excitement is about; nobody is attacking it.

Judge Henson: I have conceded that you need not produce him.

(Documents, handed to the reporter, were marked for identification as "Defendants' Exhibits 278, 278a, 278b and 278c, and 279 to 292, EFM," both inclusive.)

Re-Direct Examination by Judge Henson.

RDQ.55. Mr. Hooker, I show you what has been marked as "Defendants' Exhibit 278a," and will ask you if you recognize that as a photostatic copy of a check for $3,500.00, of your company, dated May 4, 1935, and observe the signature. A. Yes, that is an authorized signature.

RDQ.56. And does it also include a check for $3,-158.48, Exhibit 278, dated May 24, 1936. Do you recognize both of those checks? A. Yes, sir.

RDQ.57. As the check of your company? A. Yes, sir.

RDQ.58. And these as the endorsements? A. Well, I assume they are.

RDQ.59. I show you Defendants' Exhibit 278b, and ask you if that is the endorsement of check, Exhibit 278? A. It seems to be.

RDQ.60. And 278c is the endorsement of check, Exhibit 278a? A. It seems to be.

Mr. Bullitt: I think we can shorten it by admitting those are the two checks that were issued by the company.

Judge Henson: Exhibit 278a you admit to be the check of May 4, 1935?

Mr. Bullitt: For $3,500.00, the $3,500.00 check.

RDQ.61. And Exhibit 278c the endorsement of it? A. Yes.

RDQ.62. Then you admit that Exhibit 278 is the check dated March 24, 1936?

Mr. Bullitt: Yes.

Judge Henson: And that Exhibit 278c is the endorsement on that?

Mr. Bullitt: Yes.

The Special Master: All right. Go ahead.

RDQ.63. (By Judge Henson) Mr. Hooker, I will ask you if you identify Defendants' Exhibit 279 as a photostat of a check requisition of your company? Just state what they are on that page. A. The top is a check requisition, and those initials look like or appear to be the initials of our staff that are authorized to make requisitions.

Mr. Berger: There is no doubt about it.

Judge Henson: I can save time if you will admit that.

Mr. Berger: I will admit that everything you have marked here are copies of the records of the company.

The Special Master: It seems to me like you are struggling to identify things when you could get it with an admission.

Judge Henson: Well, it occurred to me just the same time as it did you.

Mr. Berger: These are photostatic copies of originals and photostats that the companies furnished to Mr. Milligan, the United States Attorney as being their records.

Judge Henson: All right. Exhibits 278 to 292, both inclusive, are complete photostats of records out of this office?

Mr. Berger: Yes, sir.

Judge Henson: Of this company.

Mr. Berger: I presume that is that whole file.

The Special Master: Do you want to offer them in evidence?

Judge Henson: Yes, I offer all of them in evidence. Thank you very much.

(Which said Defendants' Exhibits 278, 278a, b, and c, and 279 to 292, both inclusive, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

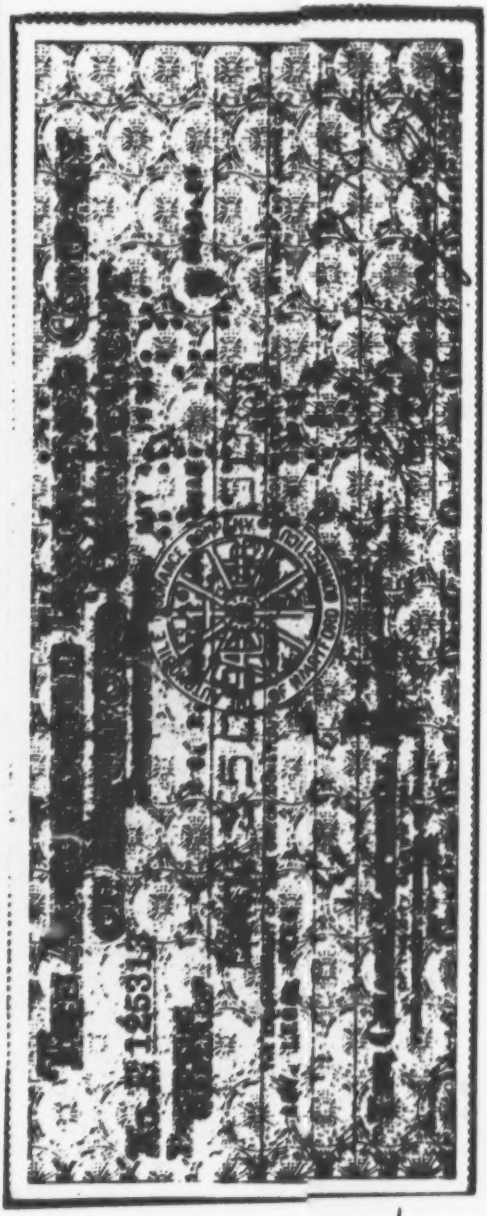
ENDORSEMENT OF THIS VOUCHER CHECK CONSTITUTES A RECEIPT IN FULL FOR ACCOUNT STATED ON REVERSE SIDE

NO OTHER RECEIPT IS REQUIRED.

C. R. Lyttle agent

Dorothy

137



ENDORSEMENT OF THIS VOUCHER CHECK
CONSTITUTES A RECEIPT IN FULL FOR ACCOUNT
STATED ON REVERSE SIDE
NO OTHER RECEIPT IS REQUIRED.

Pay to order of R. J. Fornius

C. R. Hicks
Chairman

R. J. Fornius Atty
Harris Trust & Savings Bank

PAY TO THE
ORDER OF

CHICAGO, ILL.

HICKS & FORNIUS

138

139

THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONN.

C. P. Stuart, Chairman

Advance Legal Fund

Group Dues

The Automobile Insurance Co.

D-279

140
140

CHECK REQUISITION

THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONN.

C. H. Stout Agent

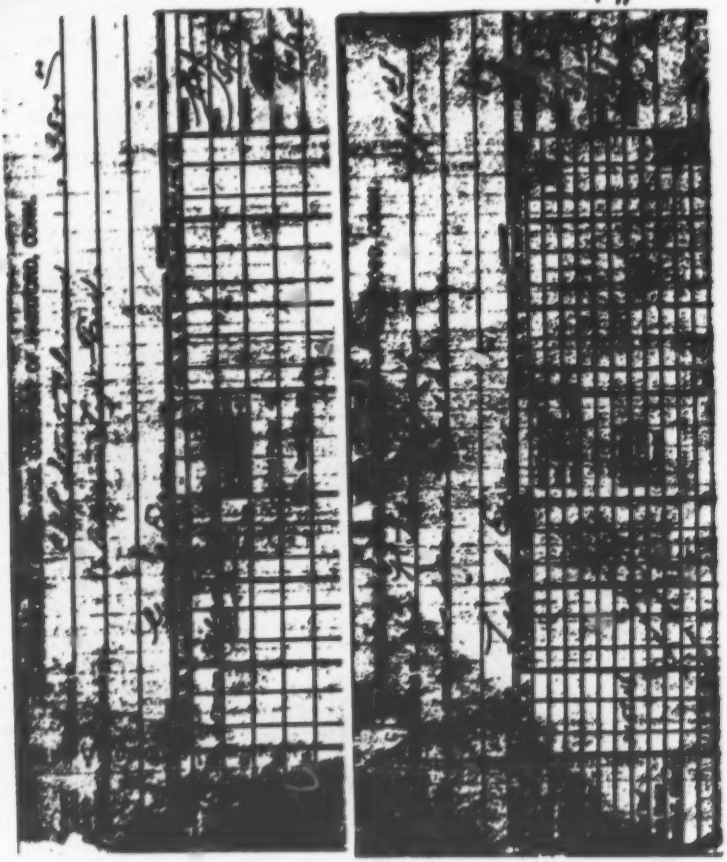
Legal Expense

The Automobile Insurance Co.

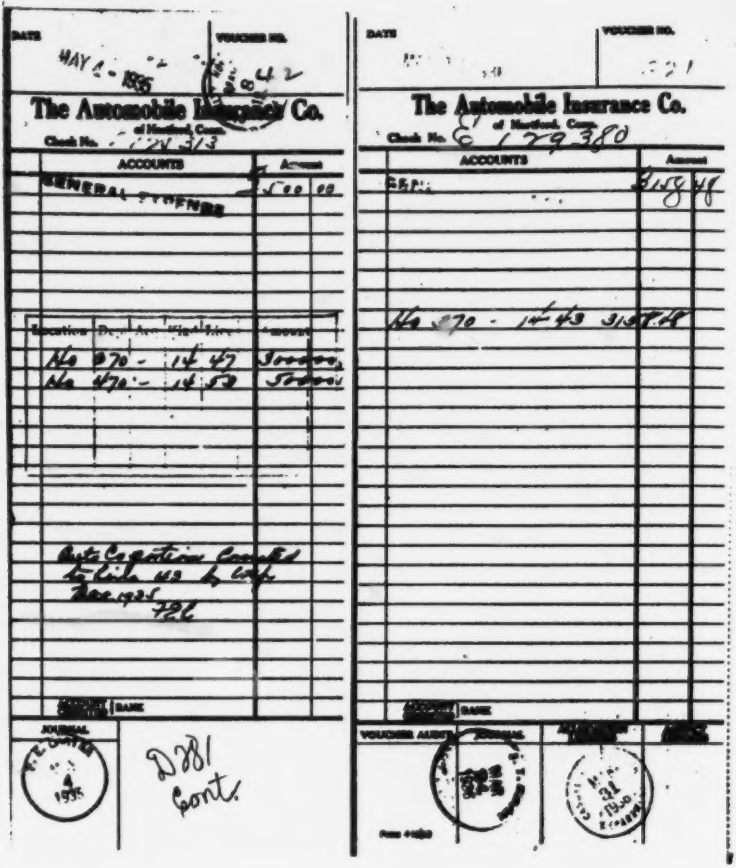
221

D 780

141



D 381



DATE MAY 2 - 1925 VOUCHER NO. 5042

The Automobile Insurance Co.
of Hartford, Conn.

Check No. 179373

ACCOUNTS	Amount
GENERAL EXPENSE	5 00

Location	Dept.	Acct.	Kind of Time	Amount
No 470 -		14 47	Stamps	
No 470 -		14 53	Stamps	

Auto Co petition Compiled by Circle 413 & Corp. Dec 1925 PBL

DISCOUNT | BANK

JOURNAL

D381 cont.

DATE VOUCHER NO. 5021

The Automobile Insurance Co.
of Hartford, Conn.

Check No. C 179380

ACCOUNTS	Amount
E&P	3145 48

No 470 - 14 43 3145 48

DISCOUNT | BANK

VOUCHER AUDIT | JOURNAL | ACCOUNTS | CHECK

DEC 31 1925 COUNTERSIGNED

[redacted]

May 4, 1955.

Mr. George C. Long, Vice President
Phoenix Fire Insurance Company
Hartford, Conn.

Dear Mr. Long:-

I am enclosing herewith a check for Thirty-Five Hundred ($3,500) Dollars for advance legal fees in connection with the rate suit in the State of Missouri.

Will you be good enough to deliver this to Chairman C. R. Street, who is handling this matter, and oblige.

Very truly,

Alfred Stinson

Vice President

Alfred Stinson
HEH
Enclosure - Check $3,500.

Send to Atty Co
Sec. Standard

Dft'y
E

See memo about returning or accounting for amount for Legal Fees
AVL

Total unpaid premts May 1935 — 133,164.63
11% checks herewith — 14,648.66

5% unpaid premo — 6758.48
previous payment — 3500.00
Check to balance — 3158.48

payable to C. R. Stuart agent
Check to be sent here

ÆTNA LIFE AFFILIATED COMPANIES
INTER-OFFICE COMMUNICATION

To Mr. Alfred Stinson, Vice President — Date March 24, 1936
(copy to Mr. Linde)

From J. E. Hooker, Vice President — Subject

COPY FOR MR. LINDE

This morning I received a telephone conversation from President Haid of the I. E. A. requesting that we forward to his office an additional check of $3,158.48 payable to C. E. Street, Agent which is to supplement the amount that we sent under date of May 4th, 1935 via Vice President Lang of the Phoenix to be delivered to C. E. Street and this payment is for the same purpose of advanced legal fees in connection with the rates in Missouri.

Mr. Haid also advised that he was mailing to me this afternoon a check payable to the Automobile Insurance Company in the amount of $14,648.66 (Auto ck. 11,699.42 Str. ck. 2,949.24) which is a refund to the Automobile from some unnamed account in the Missouri litigation.

J. E. Hooker
Vice President.

JEH:BM

Information in regard to check of $14,648.66 received is as follows:-

Total impounded prems.	$ 135,169.65
11% checks herewith	14,648.66
8% impounded prems.	6,658.48
previous payment	3,500.00
check to balance	$ 3,158.48

J. E. Hooker

D 784
Ed

146

March 24, 1936.

Mr. Paul L. Haid, President
Insurance Executives Association
116 John Street
New York City, N. Y.

Personal.

Dear Mr. Haids-

In accordance with our telephone conversation this morning I am enclosing check in the amount of $3,158.48 payable to C. R. Street, Agent.

Please acknowledge receipt and thereby oblige

Very truly yours,

JKH:Ed

Vice President.

ACL.

D 785 E

July 15, 1938

L. H. Roche, Auditor
United States Internal Revenue Dept.
Post Office Building
Hartford, Connecticut

Dear Sir:

As requested in our personal interview of yesterday, I am enclosing herewith photostat copy of voucher dated May 4, 1938 from which our Cashier's Department issued a check to C. R. Street, Chairman, for $5,500, also voucher dated March 24, 1938, together with check payable to C. R. Street, Agent, in the amount of $5,158.48, both issued under the authority of the writer.

We have no letters requesting the payments covered by the above mentioned checks and in explanation thereof the following are the facts.

Regarding the first check of $5,500, Mr. C. R. Street called a meeting in Hartford of Hartford Companies to secure finances required to continue the Missouri Rate Litigation. Alfred Stinson, Vice President of our Company, attended the meeting and agreed to advance $5,500 for our Companies. Mr. Stinson upon returning from the meeting requested from me a check for this amount and the attached voucher was issued from which the check was secured and transmitted by Mr. Stinson.

The second check for $5,158.48 representing the additional amount to bring our assessment to 5% of the impounded premiums of our Companies was drawn after Mr. Paul Haid requested over the telephone to our Vice President, J. K. Hooker, that the check be sent to him as requested by Mr. C. R. Street. Mr. Hooker, therefore, requested the check from the writer who thereupon drew the voucher, upon which authority the check was drawn, photostat copies of both being enclosed, and transmitted same to Mr. Paul Haid at New York City.

Both payments were charged to legal expense.

You inquired whether the 5% payment was claimed as a deduction in the Federal Income Tax Return. As you will note from the foregoing, the 5% was paid in two parts - one for $5,500 on May 4, 1938, and the other for $5,158.48 on March 24, 1938. We naturally treated

L. H. Roche, Auditor July 15, 1938

both as a deduction as they were included in our expenses in both the 1935 and 1936 returns as submitted to the United States Government. However, when our year 1935 report was audited the $3,500 was disallowed and we have entered no objection to this action. The year 1936 report has not been audited and we do not know what action the Government will take in respect thereto, but the payment has been claimed as a deduction.

A. V. Linde, Assistant Secretary, is the officer who has custody of Company records as pertaining to the above matters and who can identify same and testify regarding them.

We trust this is the information desired and if there is any further way we can be of assistance, you may depend on our complete cooperation.

Yours very truly,

A. V. Linde

A. V. Linde
Assistant Secretary

AVL.L

Atts.

Defendants' Exhibit No. 287 is Expense Journal page 39 of THE AUTOMOBILE INSURANCE COMPANY of Hartford, Connecticut, for the month of May, 1935, which, on the 4th day of May, shows an entry of check in amount of $3,500.00, payable to C. R. Street, Chairman, being check No. 125313, on the Chase Nat'l Bank.

Defendants' Exhibit No. 288 is Expense Journal page No. 46 of THE AUTOMOBILE INSURANCE COMPANY of Hartford, Connecticut, for the month of May, 1935, showing an analysis of the monthly expense, showing entry of legal expense including $3,000.00 paid to C. R. Street, Chairman; also entry suspense account including $500.00 from the Standard Fire Insurance Company paid to C. R. Street, Chairman.

Defendants' Exhibit No. 289 is Ledger account page No. 97 of THE AUTOMOBILE INSURANCE COMPANY of Hartford, Connecticut, Legal Expense, showing total carried forward March 31, 1935, which appeared on Exhibit No. D 288.

Defendants' Exhibit No. 290 is Expense Journal page 23 of THE AUTOMOBILE INSURANCE COMPANY of Hartford, Connecticut, for March, 1936, which includes an entry of March 24 showing check to C. R. Street, Agent, No. 129380, in the sum of $3,158.48.

Space to show on what account is not filled out.

Defendants' Exhibit No. 291 is Expense Journal page No. 27, same Company, showing analysis of expenses for March, 1936, which includes Legal Expenses $3,158.48, as shown on Exhibit No. 290.

Defendants' Exhibit No. 292 is Journal Account Legal Expense showing an entry on March 31, 1936, of the aggregate legal expenses shown on Exhibit No. 291, THE AUTOMOBILE INSURANCE COMPANY of Hartford, Connecticut.

RDQ.64. (By Judge Henson) Now, Mr. Hooker, do you have anything to do with the issuing of the $3,500.00 check? A. No, sir.

RDQ.65. Did you have anything to do with the issuing of the May 24, 1936, check? A. Yes, sir.

RDQ.66. How did you happen to issue the 1936 check for $3,158.46? Tell us in your own way. A. It came as the result of a telephone call from Mr. Haid, president of the Executives' Association.

RDQ.67. What did Mr. Haid tell you? A. Well, as near as I can recollect, sir, he told me that in connection with the Missouri rate litigation there was additional legal expenses needed, and that our share was so much, and that there was also going to be forwarded by the rate committee, the Subscribers' Bureau, a refund check of a certain amount.

Mr. Berger: There is a memorandum that he made right after he talked with him.

RDQ.68. Exhibit 284 is a photostat of your own memorandum, is it? A. Yes, sir.

RDQ.69. All right. Now, Mr. Hooker, did you type that? Did you dictate it or how did you get it, the information that is in this memorandum? A. When our telephone conversation ended, I called my secretary and dicated it.

RDQ.70. This is the memorandum you dictated as to the incident? A. Yes, sir.

RDQ.71. Now, you are aware of the terms of the Missouri compromise, or you were aware of it at that time, weren't you? A. Yes, I understood some of the terms, although I hadn't been in close contact with it.

RDQ.72. State whether or not you got this 11 per cent check at the same time you gave this March, 1936, check? A. I think it came the next morning.

RDQ.73. Mr. Haid told you it was coming, I believe? A. Yes, sir.

RDQ.74. Now, state whether or not you knew that the 30 per cent—state what you knew about the terms of the compromise or the terms of the distribution at the time of this incident. A. Well, I think I had a recollection or an understanding of the distribution.

RDQ.75. Fifty percent to the companies? A. Fifty percent to the companies and 30 per cent to the trustees for expenses, and 20 per cent to the policyholders.

RDQ.76. State whether or not you understood that if the entire 30 per cent was not required for expenses,

the companies were to get the balance of it back pro rata. A. I didn't have any clear understanding on that point at that time.

RDQ.77. Now, state whether or not at the time you issued this check in March your company had at that time received 50 per cent of its impoundments? A. I don't know, sir.

RDQ.78. Is there anybody in your office that would know?

Judge Henson: Will you admit it?

Mr. Berger: Oh, yes.

RDQ.79. (By Judge Henson) They admit that 50 per cent of the impoundments had been received. A. I am not sure of the dates.

Mr. Murphy: Put it this way, Judge Henson, that the distribution made by the custodian had been made before this date.

Mr. Berger: The full amount may not have been made.

Mr. Murphy: I do not think that has ever been made, the full 50 per cent.

RDQ.80. (By Judge Henson) Do you know whether Mr. Haid talked to anyone else than yourself on the occasion on which you made the memorandum, anyone else in your company? A. No, I have no knowledge except that the call came to me from our own exchange, I assume.

RDQ.81. Now, you made the check pursuant to his request for $3,158.48, dated March 24, 1936? A. Yes, sir.

RDQ.82. State whether or not you intended to make the check for 5 per cent, as $3,500.00 previously paid in; if that was your intention? A. I think so.

RDQ.83. It was your intention to make the check; you were called on for a check for 5 per cent of your impoundments, but to be credited with the $3,500.00 paid the previous year? A. I don't recognize this sheet.

RDQ.84. That is the photostat—

Mr. Berger: That was on the outside envelope.

RDQ.85. Well, how did you arrive at the proper figure, the right amount to put in the checks? A. The sum that Mr. Haid told me on the telephone.

RDQ.86. Oh, he just gave you the amount? A. That is my understanding.

Mr. Berger: Look at Exhibit 284, his own memorandum.

RDQ.87. I believe it says that they want a check for this amount that I have stated, to supplement the amount which was sent May 4, 1935; do you recall that now? A. That is the message I got and put down on paper as soon as I could.

RDQ.88. Yes. Where did you get the amount that had been paid there in May, 1935? Did you get that from your records or from him or did you remember it? A. I just put down the figure that he gave me, sir.

Judge Henson: All right. That is all.

Mr. Murphy: No questions.

(Witness excused.)

WILLIAM H. TALCOTT, being produced, sworn and examined as a witness on behalf of the plaintiffs, testified as follows:

Direct Examination by Mr. Berger.

Q.1. State your name. A. William H. Talcott.

Q.2. You are connected with the Scottish Union and National Insurance Company here in Hartford? A. Yes, sir.

Q.3. In what capacity? A. Auditor.

Q.4. Yesterday when Mr. Vreeland testified, Mr. Talcott, Exhibits 224 and 224a were introduced, and reference was made to the last paragraph on page 224a, as "Legal expense assessed by the Insurance Executives Association is disallowed for failure to substantiate the nature and reason for such expenditures * * * $4,000.00," which appears in the tabulation above. Opposite that there is a writing, "O K, do not protest." Do you know whose handwriting that is? A. That was Mr. Corn in the office.

Q.5. That was put on there at whose direction? A. Undoubtedly mine.

Q.6. Now, referring to this item of $4,000.00, with reference to income taxes, will you please state to the Court what happened to it? A. That was an item that was charged as a deduction in our income tax returns for 1935, $4,000.00. legal expense, and on examination it was disallowed.

Q.7. What did you do with it in 1937?

Judge Henson: I object to that as not material.

The Special Master: Yes, it is.

Mr. Bullitt: You brought it out.

The Special Master: If it was competent to show what attitude he took about it in the first place, it is competent to show what attitude he continued to take toward it.

Judge Henson: All right.

Q.8. (By Mr. Berger) What was done with that item in your income tax for the year 1937? A. When we received the check for 5 per cent, we considered that this was a return of the $4,000.00 and so marked it, and in our income tax return for 1937, we considered that as they would not allow a credit in 1935, that we should not pay a tax in 1937.

The Special Master: In other words, if it was not expense in 1935, you thought it was not income in 1937, is that what you mean?

A. Yes.

Mr. Berger: That is all.

Cross Examination by Judge Henson.

XQ.9. What is your name? A. Mr. Talcott.

XQ.10. Then if I understand you, you say that you directed the words, "O K, Do not protest." You directed them to be put on there? A. I don't say that I said those exact words, but I said that we would not protest it, or that we would not make any claim. We have to file proof, don't you know.

XQ.11. Is that your same explanation as to the words, "No protest" up here in the third line of the same exhibit?

Mr. Berger: That is a different item.

A. Yes.

The Special Master: It is a different item, but I want to know, does the same explanation apply to both.

A. Rather than try to put all those things in a proof of claim, we just left it out and expected to get the money back.

XQ.12. Well, do I understand you then in the year 1937—I don't want to misunderstand you—in the year 1937, you omitted this 5 per cent that you had paid out, so that it didn't go in as income, and that is the way you offset it, or did you take a credit for $4,000.00 as legal expense in your '37 report?

The Special Master: No, here is what he said, Judge: he said that in 1935, he tried to take a credit for the $4,000.00 as expense. They did not allow it, but they thought they were going to get it back, and in 1937, when

they thought they did get it back, they therefore did not put it in as income.

Judge Henson: That is what I am driving at.

The Special Master: That is what you said, wasn't it?

A. Yes.

XQ.13. (By Judge Henson) It was not put back to the Government then as a $4,000.00 deductible item, but it was deducted off of the income of that year?

The Special Master: No, not of that year at all, Judge.

Judge Henson: Pardon me, I probably am thick headed today.

The Special Master: Here is what happened: It is just the way you handle all income tax matters. He thought it was an expense in 1935, and claimed it as expense in his income tax return. The Government disallowed it, but he did not bother about it. He said he did not because he thought he was going to get it back, and in 1937, when certain money came in, he considered that he had gotten it back, thought he had gotten it back. then he did not report that amount that came back as income because he had never taken credit for it as expense in the first place.

Judge Henson: That is what I thought.

The Special Master: In other words, he treated it as a wash-out.

XQ.14. (By Judge Henson) And an off-set? A. Yes.

Judge Henson: That is what I thought but I am afraid my question didn't indicate that.

Mr. Bullitt: He was just exactly where he was if the transaction never occurred. The Government treated it as though it had never occurred, and he treated it as though it had never occurred.

Judge Henson: I would like to proceed, General.

The Special Master: Go ahead.

XQ.15. (By Judge Henson) Mr. Talcott, did you leave any memorandum regarding this $4,000.00 item anywhere in your files in your office, so that you could, when you got it back, do just what you afterwards did, or did you carry it in your mind? A. I don't recall any memorandum.

Judge Henson: I don't find any in there. That is all.

Mr. Berger: There wouldn't be a memorandum. That item would be a matter of a book entry on your books.

A. We never forgot that item.

The Special Master: Gentlemen, that does not require any explanation. The fact he did not get it allowed in 1935 did not wipe the entry off the books. It was still there, and when it came in, they had to determine what to do with it, and when the time came to determine what to do with it, they went to the books to see what to do with it. It does not require any explanation.

XQ.16. (By Judge Henson) When it was disallowed there in your 1935 taxes, did you make any further effort to establish your right to it or did you just—

A. (Interrupting) No, we couldn't. We fought for it as long as we could, and when we found out this thing had been investigated, and they wouldn't allow it we dropped it, thinking it would be later adjusted.

The Special Master: Of course, if you had gone further, you would have had to file a proof of claim for refund, and then wait six months and then bring a suit to get it back?

A. Oh, yes.

Judge Henson: That is all.

(Witness excused.)

Mr. Murphy: Now, Judge Henson and Mr. Hollingsworth, Mr. McCain of the Aetna will not return from Honolulu until the 17th or 18th. He will come to Kansas City, to appear before the Master.

Judge Henson: All right.

The Special Master: Who is that will do that?

Mr. Murphy: Mr. McCain.

Judge Henson: He is one of the men at this meeting of May 3rd?

Mr. Murphy: I don't know. I do not know whether he handled the March, 1936, payment personally or not. I have asked Mr. Sloan of the Aetna, whose name appears in the file, to make inquiry from everyone there that might have had contact in connection with the March, 1936, payment. Mr. Sloan advises me that he knows nothing about it, and he talked to the treasurer who issued the check, and the treasurer doesn't remember who directed him to issue it. In fact, he talked to everybody in the organization who would be likely to know about it, if Mr. McCain didn't, and he hasn't been able to find anybody in the organization that knows any-

thing about that item, not having an opportunity, of course, to talk to Mr. McCain. We will bring Mr. Sloan over here to tell you those facts, or if you will accept my statement, we will let it go at that.

Senator Hollingsworth: I think we should accept Mr. Murphy's statement. I think that is a sufficient explanation.

The Special Master: We will adjourn to reconvene at Chicago on Thursday, August 10, 1939, at ten o'clock, a. m.

Whereupon, the further taking of testimony in said case was adjourned to ten o'clock a. m. of Thursday, August 10, 1939, at Chicago, Illinois.

MORNING SESSION, THURSDAY, AUGUST 10, 1939.

Pursuant to adjournment as aforesaid, at ten o'clock a. m. of said Thursday, August 10, 1939, at the offices of the Western Underwriters Association, Chicago, Illinois, came again the same parties, present and presiding as before, and the taking of testimony continued as follows:

ROBERT J. FOLONIE, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. Please state your name. A. Robert J. Folonie.

Q.2. Where do you live, Mr. Folonie? A. Chicago, Illinois.

Q.3. What is your profession? A. Lawyer.

Q.4. How long have you been a licensed practitioner of law? A. Thirty-nine years.

Q.5. Have you been located in Chicago during that entire time? A. Yes, sir.

Q.6. What was your first connection in a very general way with the fire rate litigation in Missouri in the cases involving the sixteen and two-thirds percent controversy?

The Special Master: I know what you want to ask but just let me add something so we will not take up all day here. There was a previous rate case in the State of Missouri before the rate case in which this hearing is had. I understand you are not asking anything about that.

Senator Hollingsworth: No, I am not.

The Special Master: He is talking about this present case where the suit was brought in the federal court by a number of companies. That is right, isn't it?

Senator Hollingsworth: Yes.

A. I was in consultation in the preparation of the filings which were precedent to any litigation and on which it rested and I was employed in the cases from their inception, the cases having been commenced in May, 1930, as I recall.

The Special Master: Those filings that you mentioned were the applications and supportive data filed with the Superintendent of Insurance upon which an increase in rates was based?

A. That is correct.

Q.7. (By Senator Hollingsworth) Now, who first contacted you with reference to employment in this controversy? A. It was a continuation of a succession of continuing cases, some phases of which were already in existence in 1930 and incomplete, all of which had commenced in October, 1922, and I personally entered actively into the series of litigation in June, 1923, and was continuously in the litigation in its various phases, of which this was one, continuously from that time.

Q.8. What committee or organization was responsible for your initiating and instituting the sixteen and two-thirds percent rate suits? A. The Subscribers' Actuarial Committee in conjunction with Mr. P. W. Terry, the Manager of the Missouri Inspection Bureau, the rating agent in Missouri for the filing of rates.

The Special Master: Yes. That is in evidence what that bureau is.

Q.9. (By Mr. Hollingsworth) Now, at that time, Mr. Folonie, were you paid any fees at the beginning of these suits? A. I made a practice of billing at the end of each calendar year and that practice existed from more or less 1923 forward.

Q.10. When would you say you were paid your first fees in connection with this particular litigation? A. Well, I don't know because I would know that the first payment that I got on it, which bore on it in any way, would be 1929, in which there were services in old rate litigation, in so-called "restitution proceedings" and the incidental work done in this particular case, and at the end of 1930 there would be an annual bill which would cover continuing services in the old matter and in the

new matter without any effort to segregate them one from the other.

Q.11. And that would continue each calendar year or near the end of each calendar year down to and including what years? A. That continued uninterruptedly at the end of every calendar year up to the present time—I mean 1938. There was a billing at the end of 1938, which was the latest. I may have had some small expense bills since but I doubt it because expense bills were often sent interim through the year. I mean for cash outlay.

Q.12. But that would be simply expense bills? A. That would be purely expense.

Q.13. And would be billed as expense? A. That is right.

Q.14. And your bill would be directed to whom? A. Subscribers' Actuarial Committee.

Q.15. And to whom would they be delivered or made? A. To the Chairman of the Committee.

Q.16. Do you have a record of the bills of account that you rendered to the Subscribers' Actuarial Committee from the inception of this litigation down to the present time? A. Yes, doubtless.

Q.17. If it is not available, could you supply it in typewritten form here during the day? A. I don't have it here with me. I didn't know it would be asked for but I am quite sure it is in my office.

Q.18. Would it be too much effort for you to get that, the bills and dates of rendition and the amounts? A. Do you want the details appearing on them or only the aggregate amount?

Q.19. I hardly think it is necessary to supply anything except the aggregate amount and the dates. A. You are privileged to have somebody go to my office and look them over and see if you want any more, if you care to do that.

Q.20. That is very nice and we can take that part of it up later. When you initiated these suits in Missouri, the companies which you represented acted concertedly and with one purpose; it was a common enterprise between the companies, was it not? A. In one sense, yes, and in another sense, no. The cases were in three general divisions: one was the restitution matters arising out of the old litigation; second, there were the suits in the federal court by some 137 companies; third, there was one suit in the Circuit Court of Cole County involving seventy odd companies, and then there

were prohibitions, mandamus suits and what not in addition that affected different groups. So far as my service bills were concerned, I made no effort to distinguish between one and the other because after discussion with the Committee, it was decided it was impractical to make any separation because they were so interwoven and interlapping.

Q.21. You had no separate employment for the 137 cases in the federal cases so far as you know? A. I was employed through the same source and by the same people but the most of the committee were of the opinion that they were two separate groups of cases each of which should bear its own burden more or less, and if you ask me at sometime you think appropriate, I will tell you how a controversy existed in the Committee as to whether that was strictly correct or incorrect. There was no unanimity in the Committee as to the separation between federal court and state court companies.

Q.22. But the federal cases may be considered as one unit through one employment? A. That is correct.

Q.23. And the state court cases as one unit, but there was a controversy about the division of expenses, is that true? A. Not so much the division of expenses as the question whether if there were any money recovered whether it was available to the particular group that recovered it or was also subject to some kind of a distribution to the others who might not recover in another suit.

Q.24. Did that also apply to expenses or not? A. Not to expenses during the time they were so intermingled, but when the federal court cases came to a final decree, the question arose whether the major portion of services after that being in the state court, whether they should be chargeable against the federal court companies, and I was finally directed to bill to the Committee and it directed that they be paid out of the federal court fund as to those expenses for the last year or two when the bulk of the service was really rendered to the state court companies. It was rather a matter of concern to me more than it was to the Committee, I think.

Q.25. Now, at the time these suits were started, did you employ local or assistant counsel in the State of Missouri to help you? A. I did.

Q.26. Whom did you first employ? A. The firm of Morrison, Nugent, Wylder & Berger of Kansas City.

Q.27. Did you select those attorneys or did the Actuarial Committee have anything to do with it? A. I went to Kansas City and made investigations to find whether there had been any change in the bar there that I didn't know about, perhaps because I hadn't been intimately connected with the Kansas City bar for some years, and I made the recommendation for the employment of the Morrison firm and secured the approval of the chairman and presumably the committee to employing them.

Q.28. That was Mr. Street, Chairman of the Actuarial Committee? A. That is correct.

Q.29. Now, thereafter from time to time were additional counsel employed in connection with the litigation? A. There were.

Q.30. Was the same procedure followed? A. No, sir, not exactly.

Q.31. Were counsel ever employed—I am trying to cut down without getting too much record, and for that reason I will ask some direct questions— A. (Interrupting) I am purposely answering in such a way that you will pursue your questions because if I answer either "yes" or "no," I think it might be misleading.

Q.32. Now, during the course of the litigation down to the time that the compromise agreement was effected, were any assistant counsel or local counsel employed without your recommendation? A. Well, there were two counsel subsequently employed; one was Hon. W. T. Ragland of Jefferson City, and I don't remember who suggested his name. It was not the Committee or Mr. Street but it was made the subject of discussion with him before I went to see Mr. Ragland at all, and it was discussed and he made his own inquiries or stated that he did, and then I was authorized to employ him, and did so.

Q.33. But who suggested the names of the additional associate counsel? Did the attorneys or was that done by Mr. Street or other members of the Committee? A. I don't believe Judge Ragland's name was suggested either by me or by the Committee but I brought his name to the Committee at somebody's suggestion—I can't remember who it was. The other firm was a St. Louis firm, Igoe, Carroll, Higgs & Keefe. Their employment was suggested to me by Mr. Street.

Q.34. Who contacted that firm, if you know, you or Mr. Street? A. As far as I know, I did, but they

were intimate friends of an agent in St. Louis, named McCormack, and he recommended the firm and stated that they would be highly helpful both because of their political connections and because they had been friends of his, and Mr. McCormack was or had been the president of the State Agents' Association and he believed it would be highly desirable from the agents' standpoint if they were employed. Whereupon I was directed by Mr. Street to employ them and make my terms with them, which I did, although I knew nothing about them and didn't investigate their fitness except as I perhaps looked in the directory or something of that kind, but the determination in that case was his and not mine, although I did the actual employing.

Q.35. Did you personally interview them at the time you employed them? A. I think so. I believe so.

Q.36. During that interview did you learn whether they had ever been contacted with reference to employment before you had contacted them? A. It is mostly an impression but I believe they had.

Q.37. And you have no more recollection about it than an impression at this time? A. Well, yes, I have this much more than an impression, that I do know that Mr. Street said that they were very intimate friends of Mr. McCormack, and that Mr. McCormack wanted them employed in the case. That much I do know.

Q.38. At that time was there any discord or disagreement of any kind between you and Mr. Street in regard to matters of employment of counsel? A. No, sir.

Q.39. About when was the first discussion as to the employment of additional counsel, that is of Judge Ragland of Jefferson City, or the firm of Igoe, Carroll, Higgs and Keefe? A. I don't know except that I know that the suits had been instituted and in progress for some time as I recall before either of them was employed.

Q.40. When were they employed with reference to the compromise agreement which was finally signed? A. Some years prior to that time, not immediately before.

Q.41. Was it prior to any negotiations which resulted in the final compromise? A. Yes.

Q.42. You recall, do you, that the compromise agreement was signed, I believe, about May 18, 1935? A. Yes, sir.

Q.43. When did that compromise begin to be first discussed? A. The subject of compromising the litigation had been under discussion for several years; had ap-

parently taken greater activity about one year before the settlement was in fact made, and greatly increased apparent activity in the last sixty days before it was done.

Q.44. Well, now, do you segregate the sixty day period of activity in your own mind from any prior activities? A. Yes, sir, I do. Up to that time I regarded it all as mere talk. During that period I thought there might be substance to it.

Q.45. Now what was the first thing that happened in connection with the sixty day period immediately prior to the compromise agreement? A. I don't know that I can state it in chronological sequence, but there were articles in Missouri newspapers that settlement negotiations were going on, and contemporaneously with that I was told by Mr. Street that he was having discussions on the subject. I should say that he made it the matter of more frequent mention during that time than he had prior to that time, although he had told me before that he was negotiating or discussing or considering the subject of settlement.

Q.46. What called it to your attention, the newspaper articles, or did Mr. Street call it to your attention first? A. Well, I think I got more information out of the newspaper articles than I did from him, but his statements, while brief, carried more force with me because they then went beyond the bounds of mere gossip.

Q.47. Did you keep a file of those clippings? A. Yes, sir.

Q.48. Do you have that file with you? A. I do not. It is in my office, however.

Q.49. And it is available? A. Yes, sir.

Q.50. And you can produce it here during the day, can you? A. Yes, sir; and I don't think I have looked at it since, but so far as I know it still exists. I believe it does.

Q.51. What was the first conversation that Mr. Street had with you about these last negotiations? A. Well, he had discussions prior to March, 1935, stating that talks about settlement were going on and it looked as though it was possible something might come of it, and so on, and in going through my files preparatory to this hearing, I went through some of the letters during that period. I found that I had a letter from him on March 2, 1935, asking for information, in which he said they would be of value "when, as and if a settlement was made," so that that fixes in my mind pretty much

the time—that at that time there was nothing very definite about it, but that it was to the point where he wanted more detail at his command to accomplish a settlement.

Q.52. Did Mr. Street tell you with whom he was in contact in carrying on these negotiations or discussions for a compromise? A. I don't think he said it in so many words but I drew the assumption from what he did say that it was the Superintendent of Insurance as distinguished from the lawyers for the Superintendent of Insurance, because he did state to me that if it became necessary to discuss the matter with the lawyers, he would let me know, which carried the inference to me that he was discussing it with the principal and not the lawyers.

Q.53. Did you advise the lawyers with whom you were associated as to your conversation with Mr. Street when Mr. Street led you to believe that he was dealing directly with the Superintendent of Insurance? A. Yes, I told Mr. Berger that the subject of settling was under discussion.

Q.54. By letter or by word of mouth? A. I don't know. I don't know.

Q.55. You have gone through your files, have you? A. Not with that inquiry in mind.

Q.56. Now at that time was there any disagreement or friction between you and Mr. Street in regard to his activities? A. Well, I don't know that I would use the word "friction" exactly. More specifically, I was opposed and had been for years to any settlement of the cases except as it was an incident to a decision of the courts settling the basic principles involved in the case, and he knew of my objections; the Committee knew it. I think most of the insurance executives knew it, all of them certainly that were active in the business knew it. I voiced that not only privately but in public many times over years before this settlement was made.

Q.57. When Mr. Street told you that he was in contact with these officials or the Superintendent of Insurance, what, if any, action did you take? Did you do anything or write anybody?

The Special Master: You mean about anything?

Senator Hollingsworth: In connection with Mr. Street's activities.

A. I secured some information about rates in connection with Missouri Inspection Bureau, tabulation of

experience rates, that I knew he was using as a background or basis for discussions. I knew also that from newspaper articles and possibly from mention by him, although I don't think so, that he had some meeting with the governor of the state in company with various other people. My recollection is that both Mr. Igoe and Mr. Ragland were present at that meeting, and that I was not. That was probably in April, as I recall.

Q.58. Did you thereafter begin to participate in the negotiations? A. I never participated in the negotiations except to furnish materials he asked for.

Q.59. When you furnished him this material, you knew he was going forward with those negotiations? A. Yes, sir.

Q.60. And he reported to you, I presume, from time to time as to his negotiations? A. Not in any detail but in a general way that they were still going on and coming along all right, or words to that effect.

Q.61. Now, which of your associate counsel was engaging in these negotiations with Mr. Street during that period of time? A. I don't know.

Q.62. Did you have any contact with your associate counsel during that period of negotiations where you exchanged information or suggestions concerning the negotiations? A. Well, generally speaking, I would say no although I do recall that Mr. Street asked me to carry a message to Mr. Igoe at one time respecting some discussion or some meeting he was to have with the governor, as I recall it, and I did that, but I just conveyed his message, whatever it was. It was something indicating that there was a discussion going on to which the governor was a party.

Q.63. Do you remember the message? A. In a general way, I do, yes. In essence it was that I was to see whether the governor was inclined to obstruct settlement if the superintendent and Mr. Street reached a common ground. That was about the essence of it.

Q.64. Did you make any memorandum? A. No, sir.

Q.65. Where were you when Mr. Street asked you to deliver that message? A. Well, I have no independent memory but I assume it was in his office because that is where I did see him usually.

Q.66. Here in the City of Chicago? A. In Chicago, yes.

Q.67. Do you remember approximately the time of that? A. I can fix it only by the fact that I found a newspaper clipping that indicated that a meeting with the governor was had in April, 1935, so I assume it was prior to that, probably early in April.

Q.68. Now then he asked you to deliver that message to the St. Louis firm, as I understood you? A. Yes, sir.

Q.69. How did you deliver the message? A. I think I went to see him. I think I went to see Mr. Igoe.

Q.70. Did you make a special trip for that purpose? A. Well, I went so often that I don't know whether it was special or in connection with other things. I don't know.

Q.71. But you delivered the message? A. But I did it, and it might have been a special trip because it was something he wanted accomplished and I got busy and did it. Whether I did something else, I don't know. If I did, the other was probably incidental.

Q.72. And with whom did you talk in that firm? A. Mr. Igoe.

Q.73. Did Mr. Igoe thereafter report back to you that he had delivered the message? A. No, sir.

Q.74. Did you hear anything further from Mr. Igoe concerning it? A. No, sir.

Q.75. When was the next thing that occurred in connection with this matter so far as you knew? A. Well, the one definite date that I can fix as disassociated from general things going on before and what occurred afterwards, was May 9, 1935.

Q.76. Where were you on that date? A. At sometime in that day I was in my own office.

Q.77. What occurred on that day? A. I came into my office sometime during the day and I don't know whether it was morning or afternoon but it was after office opening hours. I had been away some place, either out of town or on some errand out of my office anyway, and I came into my office and found Mr. Street in my private office, and he had a bunch of checks and told me that he had gotten $50,000.00 from my partner, Mr. Hicks, and that he had checks for $100,000.00 there from the companies and that he wanted me to clear them through our firm bank account, reimburse Mr. Hicks for the $50,000.00 he had already given Mr. Street, and give Mr. Street checks for the remainder. On checking over those checks I found they amounted to $100,500.00 in the

aggregate. I called in the bookkeeper, either endorsed or caused those checks to be endorsed for deposit in our bank account; told the bookkeeper to make a record of them on her books, and to make the record direct from the checks instead of making a list and making entries from the list. I had gotten in trouble before by mistakes in that way, and I told her to make the checks, one for $50,000.00 to Mr. Hicks, and one for $50,000.00 to Mr. Street, and another check for $500.00 to Mr. Street. That is the way he said he wanted the checks. Before I did that, however, I went into my partner or had him come in.

Q.78. That is Mr. Hicks? A. Mr. Hicks and asked him whether it was correct, the statement by Mr. Street that he had paid him $50,000.00, and he said he had, and that Mr. Street had told him he would turn over these checks to him and wanted him to give him checks for the balance, and thereupon the bookkeeper went out and made out the checks. I turned them over to Mr. Street, and I told Mr. Street also that it would be necessary for him to protect me on income tax so that there couldn't be any claim that we had gotten it for fees and then loaned it to him. He said all right he would write out whatever we wanted, and I had him write out a little scratch receipt which Mr. Hicks took possession of, which stated, in substance, that the checks were cleared at his request.

Q.79. I didn't follow you there. A. That the checks were cleared at his request.

Q.80. Who signed this statement? A. Mr. Street —that the checks were cleared at his request and we, that is, the firm of Hicks and Folonie, and Ernest Hicks, had no interest in the proceeds and retained no part of it.

Q.81. You have that statement with you here? A. No, sir; I do not.

Q.82. Is it at the office? A. No, sir. My partner, Mr. Hicks, was suffering from a cancer at the time and died the following fall. I went through his papers when he died, trying to find that receipt and never did find it. At a later time when income tax investigators came into my office and inquired about these items, I told them the situation just substantially like I am telling you and they said they would want a statement from Mr. Street; if he gave it to them, why then they would not have to investigate his books, otherwise we would have to show evidence that it was not money of ours.

Thereupon Mr. Street made a statement which he gave to the income tax man which was practically identical with this prior receipt he had given Mr. Hicks. I asked the income tax man to let me have a copy of it and I had a photostatic copy of it made which I do have.

Q.83. Now, this all occurred on May 9, 1935? A. That is correct.

Mr. Bullitt: Not "this all occurred" that Mr. Folonie has been telling.

Senator Hollingsworth: I understand the subsequent events.

The Special Master: When these checks were cleared and when he asked for the receipt and got it.

Senator Hollingsworth: I understand.

Q.84. Now, when you got to your office that morning, Mr. Hicks had prior to your arrival given C. R. Street a check for $50,000.00? A. Well, I didn't at the time know whether it had been prior on that day or on some prior date. I thought at the time that he had done it at some prior date.

Q.85. Was it a personal check or a firm check? A. The Hicks check was a personal check. The reimbursement of that item and the checks to Mr. Street were firm checks.

Q.86. Did you ever see the Hicks check? A. Yes, sir.

Q.87. Was it dated May 9, 1935? A. Yes, sir. I borrowed it from the executor of his estate, which is the Northern Trust Company of this city, and took it and a photostatic copy out to the grand jury in Kansas City in March of this year and there produced the original and gave them a photostatic copy of it.

Q.88. Do you have in your files a photostatic copy of it now? A. I don't know.

Q.89. You don't have it with you? A. I do not have it with me, no, sir.

Q.90. Had your partner, Mr. Hicks, been active in this litigation? A. Quite to the contrary, he had for nearly three years done nothing at all except in his office, with not a dollar of services put on the books for years that he performed, and I left the partnership just as it was without calling on him for any service at all because I knew his days were few and I wouldn't change the relation.

Q.91. Did it develop in that conversation there as to why Mr. Hicks had given to C. R. Street a personal check for $50,000.00? A. No, sir.

Q.92. Was the question asked? A. No, sir.

Q.93. And no information given? A. No, sir.

Q.94. Did Mr. Street tell you about receiving the $50,000.00 from Mr. Hicks and wanting $50,500.00 from you or your firm before he handed you the checks aggregating $100,500.00? A. Well, I can't tell you which he did first and which he did second. It was all more or less a simultaneous proposition except that the checks were on my desk before the bookkeeper made out the checks to accomplish a return of the money to Mr. Street.

Q.95. Then did you examine the checks? A. Yes, sir.

Q.96. Were they apparently a series of checks? A. I have the bookkeeping entries and records here of those checks.

Q.97. Would you produce those, please? A. Yes.

Q.98. Do you have a photostatic copy? A. I produce the original cash book of the firm of Hicks and Folonie with the numbered page 14 at the upper corner of each of the pages and all these transactions to which I have directed attention appear on these two pages, both numbered 14, the list of the companies and amounts of the checks received from the companies appearing on the left-hand cash receipt page and the record of the checks to Mr. Hicks and two checks to Mr. Street appearing on the right-hand cash disbursement page. I have here a photostatic copy of both pages.

Q.99. There is no objection, I presume, to have it marked as an exhibit? You brought it for that purpose? A. I had it prepared for presentation to the grand jury and have this original negative left, having given them the positives. I have the negative left and it now has completely served my purpose so you may have it.

(Said photostats handed to the reporter, were marked for identification as "Defendants' Exhibits 293 and 294, EFM.")

Q.100. I show you now Defendants' Exhibits 293 and 294 and ask you to state if they are photostatic copies of the records concerning which you have just testified? A. They are.

Senator Hollingsworth: I offer these Exhibits 293 and 294 in evidence.

(Which said Defendants' Exhibits 293 and 294, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

Defendants' Exhibits No. 293 and No. 294 are pages from the cash book of HICKS & FOLONIE—Exhibit No. 293 showing cash receipts and Exhibit No. 294 showing cash disbursements; among the entries on Exhibit No. 293, cash receipts, is shown the following:

"May 9, 1935	Scottish Union & Nat'l Ins. Co.	$ 4,000.00
	Hartford Fire Insurance Co.	10,000.00
	Royal Insurance Co.	10,000.00
	Continental Insurance Co.	15,000.00
	Home Insurance Company	15,000.00
	Aetna Insurance Company	5,000.00
	Great American Insurance Co.	10,000.00
	National Fire Insurance Co.	5,000.00
	Phoenix Insurance Company	6,500.00
	Commercial Union Ass'n Co.	7,500.00
	Crum & Forster	5,000.00
	Travelers Insurance Company	2,000.00
	Automobile Insurance Company	3,500.00
	Caledonian Insurance Co.	2,000.00
	Missouri Rate	"

Exhibit No. 294 shows cash disbursements as follows:

"May 10, 1935	E. H. Hicks, check No. 7452	$50,000.00
May 10	Charles R. Street, check No. 7453	50,000.00
May 10	Charles R. Street, check No. 7454	500.00"

Q.101. When you examined these checks, to whom were they made payable? A. To the best of my recollection, and I have never seen them since that date, part of them were made to Mr. Street, part of them were made to me personally, and part of them to my law firm.

Q.102. That is Hicks and Folonie? A. Yes, sir.

The Special Master: Can't you tell by the identity of amounts whether or not that covers the checks that are already in evidence?

Senator Hollingsworth: It does. I am positive that it does.

Q.103. These checks aggregate $100,500.00? A. That is correct.

The Special Master: Well, let us rely on them then. They are the same checks obviously.

The Witness: I may state that I received no other amount on May 9, 1935, except this batch.

The Special Master: I think it is obvious.

Q.104. (By Senator Hollingsworth) They appear in one continuous list? That is, there is nothing intervening in between? A. No, sir. There are other matters before and after but they are all continuous and with one single transaction, so far as I was concerned.

Q.105. What explanation did Mr. Street make to you as to why he wanted this transaction handled in this manner? A. He didn't make any explanation.

Q.106. Did you ask him? A. No, sir.

Q.107. Now, some of these checks were made payable to you? A. Yes, sir.

Q.108. And some were made payable to Hicks and Folonie? A. Yes, sir.

Q.109. And some were made payable to C. R. Street, Agent? A. Well—

Mr. Bullitt (Interrupting): It don't say "Agent" because some of them were C. R. Street. I don't know if any of them—

Q.110. (By Senator Hollingsworth) C. R. Street, Agent or Chairman—in some capacity? A. I paid no attention to the capacity part but some were payable to Mr. Street and perhaps some capacity title added, some to me and some to my law firm.

Q.111. Did any of those checks have on them any words indicating they were for legal fees? A. Not to my recollection. If they did, I don't recall it and I think not.

The Special Master: He is a courageous witness; he is going to express his opinion before you produce the checks.

Mr. Bullitt: All the checks are in, every one of them.

Senator Hollingsworth: I know they are. I want to show them to the witness. He doesn't know they are in and doesn't know what is on them.

Mr. Bullitt: He wouldn't remember after four years.

Senator Hollingsworth: He might remember.

Mr. Bullitt: They speak for themselves.

Q.112. (By Mr. Hollingsworth) I show you Defendants' Exhibit 278, which I think you will recognize from the records as one check payable to C. R. Street, Chairman, for $3,500.00, signed by the Automobile Insurance Company of Hartford, Connecticut. Do you recog-

nize that as one of them? A. You are speaking of the one at the top of the page there (indicating)?

Q.113. Yes.

Mr. Berger: That has been introduced as Exhibit 278a; the endorsement is 278c.

A. I am shown a photostatic copy of Automobile Insurance Company's check No. E125313, and a photostatic copy of an endorsement directly opposite it, which I assume is the endorsement on the back of that check. On that assumption I would say it is one of these checks and that the words "R. J. Folonie, Atty." on the back of it is in my handwriting; that the words above it, "Pay to the order of R. J. Folonie, Atty., C. R. Street, Chairman" is in the handwriting of Mr. Street. The other writing on the check I do not identify.

(A photostatic copy of a check, handed to the reporter, was marked for identification as "Defendants' Exhibit 295, EFM.")

Q.114. Now I show you what the reporter has marked Defendants' 295 and ask you to look at that and see if you recognize that as one of the checks of this series presented to you by Mr. Street, together with the endorsements? A. Assuming that the photostatic endorsement page is the back of the check of the Phoenix, numbered 40232, and I am qualifying this a little bit for fear you might have made some mistake against another check—that is my only reason—

Q.115. It has been, for the purpose of the record, compared; however, you go ahead and make any qualification you wish. A. Assuming this is the endorsement on the check No. 40232, I will say this is one of the checks comprised in the manner I have testified about; that the endorsement "R. J. Folonie, Attorney," on the back and the words "Hicks and Folonie, per R. J. Folonie" on the back are in my handwriting.

Q.116. I notice that this check is made to R. J. Folonie, Attorney. A. Yes, sir.

Q.117. And marked up in the memo there for record as to its purpose "Advance *in re* Missouri litigation," $6,500.00. You saw that check and endorsed it? A. Yes, sir.

Q.118. Now, I call your attention also to Defendants' Exhibit 278, which is the Automobile's check, payable to C. R. Street, Chairman, in the sum of $3,500.00, which carries this wording on it, "Adv Legal Fees," advance legal fees. You saw that check and the endorse-

ment? A. I saw the check; yes, sir. I will assume those words were on there at the time I got the check although I have no recollection of it at all.

Q.119. But on the R. J. Folonie check, it did attract your attention that it was payable to you? A. I knew that, yes, sir; I knew at the time certainly.

Q.120. What did Mr. Street say to you about that particular check or any other check which bore a similar payee? A. He didn't say anything about those checks any more than he did the others, just wanted me to clear all the checks through our bank account and make disposition of the proceeds as he requested.

Q.121. Mr. Folonie, you, as an attorney, knew when you saw this check that the Phoenix Company when it issued the check, had debited you with $6,500.00, didn't you?

Mr. Bullitt: Wait a minute. Hold on. If your Honor please, I object to that question on the ground that it assumes a statement of fact that has not been proved, viz., that the Phoenix Company ever debited Mr. Folonie with $6,500.00.

The Special Master: No, it doesn't assume it. It is a leading question.

Mr. Bullitt: It is leading, but he said, "You knew they were debiting it."

The Special Master: It is a leading question. He is in effect asking him if he knew he had been debited.

A. I did not know it; no, sir.

Q.122. (By Senator Hollingsworth) Well, your judgment and experience told you, didn't it, that such was the fact? A. No, sir.

Q.123. Did you have any curiosity whatever as to why Mr. Street was in possession of a check for $6,500.00 payable to your order and marked on there "Advance *in re* Missouri litigation"? A. I thought I knew what he had it for.

Q.124. What did you think you knew he had it for? A. Well, I thought he was, in his mind any way—was on the verge of settling the case, because that had been going on right along for sometime and that he doubtless wanted to have funds on hand to meet demands incident to settling it.

Q.125. But why make the check in your name? A. I don't know.

Q.126. And you never asked him? A. No.

Q.127. Now, you say that you didn't have any idea or impression that you were debited on the books of the Phoenix Insurance Company with $6,500.00 "advance *in re* Missouri litigation"? A. No, sir. I never had my fees paid directly by companies through all the years this was going on. I had no doubt that Mr. Street had this money with a view to using it probably in some way in connection with the expense or payments that would have to be made as an incident to a settlement and he wanted some cash on hand to meet whatever the eventualities might be.

Q.128. But you recognized this as being a check issued in connection with the Missouri rate litigation of which you were chief counsel, didn't you? A. I assumed it.

Q.129. And you as attorney in charge of that litigation insofar as all action in connection with courts and otherwise was concerned— A. (Interrupting) I was the attorney, you say?

Q.130. Yes, chief counsel in charge? A. Yes; I was.

Q.131. Yet you never asked Mr. Street a single question about this transaction? A. No, sir, because I was personally sure when we came to the point of settlement, if we did, that he would need money and need it in larger amounts than this probably.

Q.132. What made you think that? A. Because there were so many things that would be the subject of payment of money in connection with any settlement that was made and I wasn't convinced there was going to be any even then, but I believed that his mind moved that way that it would. There were so many things that I knew were an incident of any settlement would require a payment of money that he would either have to have a power to draw drafts or have some money available.

Q.133. Didn't the fact that Mr. Street didn't volunteer any information strike you as being a most unusual situation? A. No, sir.

Q.134. Well, if Mr. Street, as you understood, wanted the money to pay out in connection with the settlement, could you tell us why Mr. Street would want you to handle this kind of a transaction, to act as a clearing agency for this check? A. As I have already stated, the funds didn't exist in his committee as far as I knew to pay anything out, and I assumed that when

he asked me to clear these, he wanted me to act as a means of putting the whole sum at his disposal, which I did.

Q.135. Well, the whole sum would have been at his disposal if the checks had been issued directly from the companies to him? A. That is right.

Q.136. Or if he had simply cleared the checks himself? A. That is right, just the same.

Q.137. Didn't it occur to you as a peculiar proposition that you would be called upon to act as a clearing agency for Mr. Street when all Mr. Street needed to do was take the checks and deposit them in an account in the bank? A. No, knowing Mr. Street as I did, I didn't think that was peculiar. I thought that he wanted to have this this way and so I did it. That is all.

Q.138. Didn't you know in your own mind there was some ulterior motive back of it? A. Well, I had two or three ideas, perhaps not at the moment, but then or sometime soon thereafter; I figured that probably he had some other lawyers who were helping with the settlement that he might have to pay. That was one thing.

Q.139. Whom did you have in mind? A. Well, I knew during the previous year that he had made suggestion of some lawyers that he thought of employing—had me inquire about their availability. As far as I now know I don't think he pursued it or spoke to them as far as I know.

Q.140. Well, there was nothing secret in regard to the employment of other lawyers between you and Mr. Street, was there? A. Nothing secret except that being chief counsel in the case, if he was hiring other lawyers who would probably negotiate and handle a settlement and leave me out of it, and I had been out of it right along, very likely he wouldn't want me to know who they were or what he was paying them.

Q.141. Well, did you get that impression that that was what these checks were for? A. That was one thing that was in my mind as a very likely thing.

The Special Master: A speculation rather than a conviction, you mean?

A. Yes, sir, and I had some other speculations besides that too.

Q.142. (By Senator Hollingsworth) Well, what were they? A. Well, one was the incident of this settlement of the restitution case in which there had been a very large depletion of the fund in court, paid into

court by payments to Mr. Mosby who was attorney for the court, so styled; a Mr. Sone, who was clerk of the court and custodian, Messrs. Cook and Lauf who were commissioners. Every one of those people had drawn $500.00 or $1,000.00 a month, in fact, one of them drew $1,000.00 a month dated back to 1933; another one $500.00 a month dated back to 1933, lump sum allowances to these people, and the fund had been depleted far in excess of $100,000.00.

Q.143. Now, you—

Mr. Bullitt (Interrupting): Let him finish his explanation.

Q.144. (By Senator Hollingsworth) Go ahead.

Q.145. It was perfectly clear to me that no settlement of the whole thing, which was what Mr. Street contemplated, including that matter, could be made without coming to a determination as to who was to make good or stand the depletion in that fund, who would have to pay it into court, and who might be called on to pay additional sums that might be allowed to somebody for fees and expenses in connection with it. As a matter of fact, I would think that the sums that would probably be demanded on that might well exceed $100,000.00 and be three, four or five hundred thousand dollars.

Q.146. Are you finished? A. No, sir. That was another phase of it that I knew he could and likely would need money for in case of settlement.

Q.147. Well, why didn't you ask him.

Mr. Bullitt: Let's hear what the other was.

Q.148. (By Senator Hollingsworth) Let's get the other one. I want to get them. A. There were two other matters that I thought—that I knew were under discussion from time to time that might well be incident to this litigation and disposition of it: one of them was that there had been extreme pressure by agents to be paid their commissions which were withheld while this fund was in court impounded, and I thought it was well within the realm of probability that some of the leading agents—I could mention their names very readily, some half dozen in number, mostly St. Louis and Kansas City —had put on such pressure as an incident of settlement that Mr. Street would have to take an assignment or conveyance of their commission claims and pay them some money, otherwise they would block the thing or wouldn't go along, or would give it some unfavorable twist. Furthermore, I knew that there were suggestions

by the attorneys for the state, because Mr. Street had told me so, that they should have fees paid by the insurance companies, or, in other words, fees made available to them by the insurance companies so the Superintendent could pay them fees that they claimed he owed them. I anticipated that no settlement could be made without some kind of allowances to Barker, Jacobs, Weatherby and maybe Lamb, Cook and Lauf.

Q.149. Anything else now? A. No, sir, that is—yes, there is one thing more.

Q.150. All right, let's get that. A. There had been a persistent claim by the companies in the state court suit right along that this matter was in pot and if there was any settlement, there might well be some kind of adjustment between state and federal court companies, and how that adjustment would be made, I didn't know. Then there was also the further proposition that the restitution case which was the old litigation, and I have a list of the companies that were party to it, differed from the people who were interested in the current litigation, there being maybe twenty-five companies in the old litigation not in the new one and twenty-five in the new one that were not in the old.

The Special Master: Is that just an estimate?

A. Just an estimate. I would point out the particular companies if asked.

The Special Master: I know.

A. And if there were any amount to be paid for expenses in that old litigation, I knew it couldn't come out of any sums that we would derive as a result of this litigation that was impounded. It would have to come from some other source, that he might get an advance or on borrowed money, to be prepared to meet. That was very obvious. Now, I think I have finished.

Q.151. Anything further? A. No, sir.

Q.152. Now, how long were you and Mr. Street in conference there in connection with the endorsement and negotiation of those checks? A. I don't know. Long enough—

Q.153. (Interrupting) To think of all those things, have the discussion? A. No; I am not sure I thought of all those things at the moment but I did think them out after. I just knew all those things existed. Doubtless some or all of them flashed through my mind but not with any analysis particularly.

Q.154. What was the status of the compromise at that time? A. There wasn't any status of it that I knew.

Q.155. Did you know that any tentative agreement had been made or could be made? A. I only knew that there had been sufficient substance to it so that the governor had been interviewed to find out whether he would go along or not go along with the settlement. That I think carried more conviction to me that there was substance to the thing than anything else.

Q.156. Didn't you state a moment ago that you still thought it wouldn't go through? A. I did.

Q.157. And you thought that Mr. Street was obtaining this money and expending it in an effort to compromise a case that would not go through—the compromise would not go through? A. No; I thought he had gotten the money with the expectation of using it for a settlement that he thought was going through that I doubted very much would.

Q.158. With all of this speculation in your mind, did you think of any reason why Mr. Street might want to cover up the obtaining of this money? A. No, sir; I didn't consider he was covering it up because I had told him in the presence of the bookkeeper to make her entries and had him sign this slip I have told you about, and I didn't think there was any covering up in it.

Q.159. You knew it was going on your books? A. Yes, sir.

Q.160. You knew it wasn't going on Street's books? A. No; I didn't know that. I assumed the amounts I turned over to him would go on his records some place.

Q.161. But you still had no curiosity as to why he was handling this that way? A. I wouldn't say I didn't have any curiosity, but I will say I didn't have any reason in my own mind to pursue the matter except as he saw fit to tell me.

Q.162. You knew when it went on your own books that it would require an explanation to the income tax department at a later date? A. That is right.

Q.163. And you took the precaution of having Mr. Street execute a statement? A. That is right.

Q.164. For the purpose of safe keeping? A. That is right.

Q.165. And Mr. Street executed that there that day? A. Yes, sir.

Q.166. What did you do with it? A. Either he or I gave it to Mr. Hicks and I think he gave it to Mr. Hicks. I know he had it.

Q.167. Mr. Hicks was present at the time you required the statement to be executed? A. I don't know. I can't say that this minute but he knew about it either then or immediately after it was done, I don't know, but he was there when it was done.

Q.168. What did the statement recite in substance? A. It was in substance identical with a piece of paper that I now produce which is a photostatic copy of the statement Mr. Street executed to income tax representatives according to my best recollection sometime late in 1936, and this statement does not differ in any important particular from the one I have mentioned to you.

Q.169. Is that an original? A. It is a photostatic copy of the original.

Q.170. May I have that for the purpose of offering it in evidence? A. Yes, sir.

Q.171. Was the other one typewritten? A. The other one was in longhand, as I recall, and Mr. Street wrote it.

Q.172. Mr. Street sat down there or stayed there at your desk? A. It may have been typewritten but I don't recall that it was.

Q.173. Have you endeavored to find your stenographic notes in regard to it? A. No, sir.

(Said statement handed to the reporter, was marked for identification as "Defendants' Exhibit 296, EFM.")

Senator Hollingsworth: I offer in evidence this statement marked as "Defendants' Exhibit 296.")

(Which said Defendants' Exhibit 296, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

5/1/36

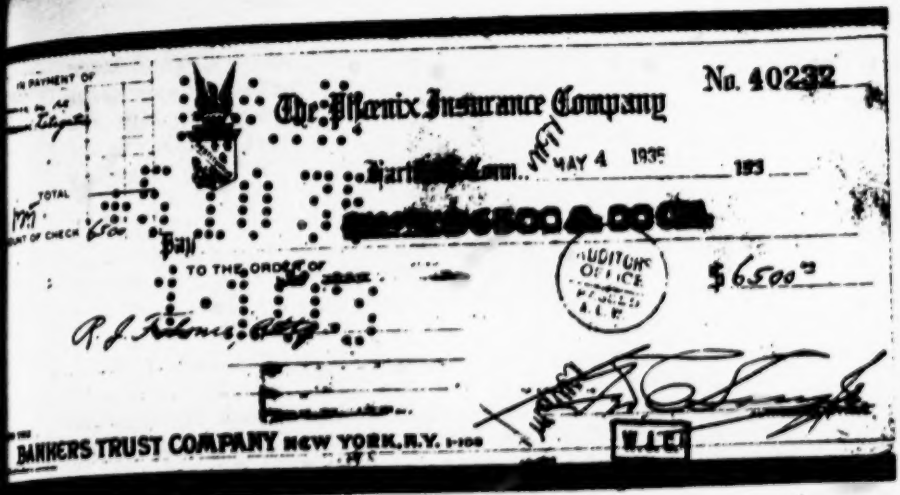
On May 9, 1935, I received checks from various insurance companies, in part payable to me and in part payable to Hicks & Polonie, totaling $100,500. These amounts were paid to me, as chairman of an insurance committee, and were cleared by Hicks & Polonie through their bank account at my request. The entire amount being transmitted to me by check of E. H. Hicks for $50,000 on the same date; by check for $50,000 from Hicks & Polonie on May 10, and further check of Hicks & Polonie on May 10 for $500. No part of such sum of $100,500 was any fee payment, nor to be retained by, nor was the same retained by, Hicks & Polonie but they merely cleared such checks for me at my request.

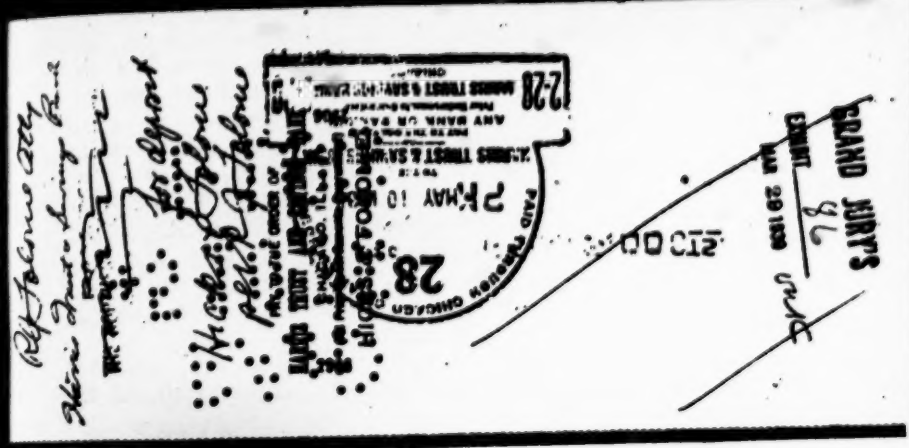
2 copies

D 296

Senator Hollingsworth: We also offer in evidence Exhibit 295 which I previously examined the witness concerning.

(Which said Defendants' Exhibit 295, so offered in evidence, having been previously duly marked, is in words and figures as follows:)


The Phoenix Insurance Company
No. 40232
MAY 4 1935
TO THE ORDER OF
$6500
AUDITOR'S OFFICE
BANKERS TRUST COMPANY NEW YORK, N.Y.


GRAND JURY'S
FUND
215 00

Q.174. I believe that you stated that you didn't know and had no recollection now as to whether the original statement signed by Mr. Street was written with the typewriter or in longhand? A. My best recollection is that it was written in longhand by him but I might be mistaken.

Q.175. Now, I hand you Defendants' Exhibit 296, which I believe you have identified as a photostatic copy of the statement which he later gave you after the income tax question came up. A. No, sir; he didn't give it to me at all.

The Special Master: He gave it to the field man for the income tax unit is what he said.

A. That is right and when he came back to my office and displayed it to me, I asked him if he had any objection to my making a copy and he said he did not. I knew at that time that the copy that had been given to Mr. Hicks was lost.

The Special Master: You told that. You had already made an examination and hunt for it for the income tax unit.

A. That is right, so I wanted this in substance in some form so I asked him to make a copy.

Q.176. (By Senator Hollingsworth) Who dictated this (referring to Defendants' Exhibit 296)? A. This?

Q.177. No, the original one?

Mr. Bullitt: He didn't say it was dictated.

Q.178. (By Senator Hollingsworth) I am asking who dictated it?

Mr. Bullitt: I object to that on the ground it assumes it was dictated when it isn't a fact. It is so simple to ask these questions in a proper way.

The Special Master: Well, I am not going to sustain objections even if they are strictly correct if they have no tendency to mislead. Mr. Folonie is a lawyer and he knows—

Mr. Bullitt (Interrupting): He is talking about the first one.

The Special Master: Of course, he knows if he didn't dictate it, that is the answer, and if he did dictate it, he will say so.

A. I have no recollection that it was dictated at all. My best recollection is that it was in longhand and not typewritten.

Q.179. (By Senator Hollingsworth) Who phrased it? A. I don't know. I have no doubt that Mr. Street and I collaborated somewhat in preparing it.

The Special Master: You requested it and told him what you wanted in it?

A. And told him what I wanted to have in it and may have interspersed suggestions of what he put in, probably did, but I don't remember.

Q.180. (By Senator Hollingsworth) If it were written on a typewriter and dictated to a stenographer, the notes of your stenographer would be available for that, wouldn't they? A. No, sir.

The Special Master: How long do you keep note books?

A. I have forgotten, six months, more or less, maybe longer or shorter.

Q.181. (By Senator Hollingsworth) Did you ever see it after that? A. I never did. My firm were attorneys for Mr. Hicks' estate after he died, the following October, 1935. At that time I personally went through his files and papers and the papers in his desk with this as one of the things in mind I was looking for. There were other things too. I don't remember what they were. I couldn't find it.

Q.182. That would have been put in the partnership files, wouldn't it? A. Evidently wasn't because it wasn't there.

Q.183. But ordinarily—

The Special Master: Just a minute. This would be just as proper to be in one file as another. It was a statement as to what Mr. Hicks had done and also as to what Hicks and Folonie.

Mr. Bullitt: He is talking about the other one now. He is talking about the memorandum that was made by Mr. Street on May 9, 1935.

The Special Master: No, no.

Mr. Bullitt: I thought that was the paper about which he was speaking.

The Special Master: I know. He doesn't have that and offers this in lieu and says this is not different in substantial particulars.

A. I think the great likelihood was that Mr. Hicks would keep it because Mr. Hicks expected to die and was concerned all the time about taxes and things that might happen to his family after he died and I have no doubt he kept and put it in some secure place, so secure that I couldn't find it, possibly at home or some place. I don't know what he did with it but I couldn't find it.

Q.184. (By Senator Hollingsworth) Well, I notice this affects your income status. A. Yes, sir; it might.

Q.185. I notice this refers to the income statement. A. It says, "No part of such sum of $100,500.00 was any fee payment, nor to be retained by, nor was the same retained by Hicks & Folonie but they merely cleared such checks for me at my request."

Q.186. Didn't you intend that to be a partnership record? A. I intended the entries of those checks to be a partnership record. I didn't intend this piece of paper or the one that preceded it to be any record at all. It was just a statement.

Q.187. Well, you intended it to be kept permanently, of course?

The Special Master: He intended it to be flashed on the field man if he ever got inquisitive.

A. I intended to use it defensively if somebody claimed I had gotten this money, and kept it for fees. I wanted it to show that it wasn't so.

Q.188. (By Senator Hollingsworth) Now, was it for the income tax man or for any other purpose? A. That was the only thing I had in my mind and possibly inheritance tax problems of Mr. Hicks. I didn't analyze it that far but taxes I would say, with nothing else in mind but that.

Q.189. Now, you gave one check signed by Hicks and Folonie to your partner, Mr. Hicks, to reimburse him for the $50,000.00 which he had given to Mr. Street? A. That is correct.

Q.190. And you made another check to Mr. Street? A. I made two checks to him.

Q.191. One for $50,000.00 and one for $500.00? A. That is correct.

Q.192. Did you designate him other than "C. R. Street"? A. I think not.

Q.193. Well, in all probabilities the bookkeeper just took the entries from the checks, didn't she? A. Both entries in the book before me read "Charles R. Street" and they were made by the same person, namely the bookkeeper who also drew the check and I have no doubt the check reads the same way although I haven't seen it since—yes, I have seen it since too. I saw it in March this year. I saw both of them then.

The Special Master: In Kansas City?

A. In Kansas City, yes, before the grand jury. Those checks are still in existence and in my possession and control.

Q.194. (By Senator Hollingsworth) Your books ordinarily reflect the purpose for which you give a check, do they not, especially calling your attention to this page (indicating)? A. Well, I notice the items on this same page, there is one check to Empire Cooler Service Company and one to Horders Stationery Store.

Q.195. That would explain itself, wouldn't it? A. One to Western Union Telegraph Company. They do not state just what they are for.

Q.196. Ordinarily when you write a check to an individual which definitely explains itself, don't you put an entry on the check showing the purpose for which it was given? A. I don't keep the books. I suppose usually they do.

Q.197. But your books do not show anything here as to the purpose of those checks? A. They show checks to Mr. Street in the same aggregate amount as these other checks and that is all.

Q.198. And that is all? A. That is right.

Q.199. Did you ever afterwards inquire of Mr. Street as to how he happened to handle this transaction in that manner? A. If you mean clearing the checks through my books and paying the proceeds over as indicated, my answer is, "No, I did not."

Q.200. Did Mr. Street ever report to you the manner in which he had disbursed this $100,500.00? A. No, sir.

Q.201. Did you ever ask him? A. No, sir.

Q.202. He lived, I believe, until February of 1938? A. February 1, 1938.

Q.203. You had a number of speculative things in mind as to what he might do with this money? A. Yes, sir.

Q.204. But you never asked him what he had done with it? A. No, sir.

Q.205. Now, this was on May 9, 1935? A. Yes, sir.

Q.206. You did assume, did you not, that it was to be used in connection with the compromise of the case or the possible compromise of the case? A. I assumed it would be so done and if not so used, it would be sent back to the people he secured it from.

Q.207. When did you next hear anything concerning the compromise? A. At sometime between the 8th

of May and the 14th of May. If the 14th was on Tuesday, which I think it was, I think it was the day before that, but it was in that interim between the 8th and 14th that I had advices from Mr. Street stating that the settlement of the case was reaching a point for personal discussion; that he wanted me to go to Kansas City and be present there at a meeting at the Muehlebach Hotel on the 14th, and indicating that, of course, this was confidential, and I telephoned Mr. Berger despite what he said about being confidential, on the theory that he had to know everything I did. I telephoned Mr. Berger immediately after I had that conversation with him and told him that such a meeting was to be had. He also advised me that Mr. J. V. Parker would also attend the meeting.

Q.208. Who was Mr. J. V. Parker? A. He was Secretary of the Subscribers Actuarial Committee, the predecessor of Mr. R. D. Hobbs whom I understand has testified in this hearing. He was versed in rates and rate making.

Q.209. Where was Mr. Street when he notified you of this meeting? A. I had two conversations with him as I recall it, one preliminary over the telephone and a very brief one personally. My best recollection is that the telephone conversation preceded the other interview and that I went to his office to talk to him and see if he wanted to tell me any more about it. I know that at the personal interview he told me that he was entirely qualified to handle the settlement himself; he didn't want any interference from me; if he wanted any advice or any help from me, he would ask for it.

Q.210. Yet he wanted you to go out to Kansas City? A. Yes, sir.

Q.211. Did you go with him to Kansas City? A. I am not sure. My best recollection until March, 1939, was that I did not go on the same train with him; that Mr. Parker and I went and that Mr. Street had gone some other way and preceded us there. From information I received in Kansas City in March, 1939, I became somewhat doubtful that my recollection on that was necessarily correct.

Q.212. What information did you receive in Kansas City that refreshed your recollection? A. A statement by the District Attorney of what somebody else had said on the subject.

Q.213. At the time you left here, you understood that the compromise was impending, did you? A. When

I went to Kansas City I understood that, yes, sir, and the reason that I had the quite distinct recollection that he was there before me and we didn't go together was because I have a very distinct recollection that in the rooms at the Muehlebach Hotel when I arrived there with Mr. Parker, Mr. Street was already in the room when I got there. Now it may be that Mr. Parker and I went some other place or dawdled over our breakfast, I don't know, but I know I reached that room after Mr. Street. That I know.

Q.214. Before you got to the room did Mr. Street tell you anything about the nature of the compromise? A. Only in the most general terms, that he thought there was a very excellent chance of settling it; that he didn't believe the governor would stand in the way of it, and I asked him whether a court decision as a condition precedent to going through with the settlement was to be the essence of it, and he said that remained to be seen.

Q.215. But did he tell you the terms? A. No, sir.

Q.216. And you didn't know? A. No, sir.

Q.217. And you went to Kansas City and went into the meeting room without any information at all as to the proposed terms? A. Yes, sir.

Q.218. Did you have any knowledge with whom he had consulted or conferred? A. I believe that he mentioned Mr. McCormack in some connection, indicating that Mr. McCormack had been joining with him in negotiations.

Q.219. Where were you when he mentioned Mr. McCormack? A. I don't know.

Q.220. What else did he say about Mr. McCormack? A. That is about all.

Q.221. And you can't recall to this day whether you went to Kansas City with Mr. Street for the purpose of going through with this compromise? A. No, sir; my memory is that I did not, but I secured the information in this last March that makes me doubtful that my memory is correct on it. My memory still is I did not go with him but I might be mistaken.

Q.222. Did he tell you what activities Mr. McCormack had exercised in the matter? A. No, sir. I think his expression was "helped him."

Q.223. This was five days after you had delivered over to him the checks? A. That is right.

Q.224. Which aggregated, including Mr. Hicks', $100,500.00. Did you make any inquiry as to whether or

not he had used any of that money? A. As to whether he used any of it?

Q.225. Yes? A. I knew that he didn't use it in payment of any of the amounts stipulated in the settlement agreement because I drew those and made the provisions for the payments in those, aggregating as I recall $400,000.00, and the $200,000.00 that was to be payable on account of the state's expenses in the old restitution case, which I was under the impression would be demanded any day by the Superintendent of Insurance and I assumed he would have to get some more money to raise enough to pay it.

Q.226. Did you ask Mr. Street whether or not he was going to use it or would use it or had it available for that purpose? A. No, sir; I assumed he still had it.

Q.227. You assumed he still had it? A. He still had it.

Q.228. You were under the assumption when you went to Kansas City that he still had it? A. I assumed so, yes; I didn't know.

Q.229. Did you talk to Mr. McCormack in Kansas City? A. Probably.

Q.230. Had you met him before? A. Yes, sir.

Q.231. Where had you met him? A. I had known Mr. McCormack for many years. He was the manager of an adjustment company at St. Louis and in that capacity I had met him quite a number of times in connection with adjustment problems of law suits.

Q.232. Before the time you went to Kansas City on May 14th had you talked with Mr. McCormack in regard to a compromise of this case? A. No, sir.

Q.233. When you got to Kansas City did you talk to Al McCormack about this case? A. Probably he was present there. I didn't talk to him in private. If I talked to him at all, it was in the presence of the group of people that was there. I probably did.

Q.234. Who was present at that meeting? A. Different people at different times.

Q.235. When you went in who was there? A. When I went in Mr. Street and Mr. McCormack were there. Either then or shortly after there were present in addition, the Superintendent of Insurance, Emmett O'-Malley, his rater, Mr. Poor; Mr. Terry of the Missouri Inspection Bureau; Mr. Parker, who went there with me; Mr. John Barker, counsel for the Superintendent of Insurance. That is all I can recall were present at any time.

Q.236. And then was the settlement at that time negotiated? A. There was a discussion of some phases of the settlement, a discussion of attorney fees, reimbursement to the state on the old case and the new one mostly, in my presence.

Q.237. No stipulation was signed at that time? A. No settlement agreed to either at the time, the specific part of the time I am talking about. I don't want to volunteer to you. I am trying to wait to let you draw it out by questions, if you will. I was not present through the whole time. Now I will tell you that so you can frame your question any way you want to to draw out the facts.

Q.238. Did you have any conversation with McCormack or O'Malley other than in the meeting? A. No, sir.

Q.239. When the meeting was over, where did you go? A. I don't recall whether I went to Mr. Berger's office that afternoon or not.

Q.240. Did you come back to Chicago? A. No, sir.

Q.241. Where did you go? A. I remained in Kansas City trying to put on paper the settlement agreement that Mr. O'Malley and Mr. Street said they had arrived at and Mr. Barker and myself, with some help from Mr. Berger, tried to put those things on paper and I found it necessary to telephone Mr. Street in the progress of it and ask his authority to do this and do that in connection with putting it on paper, due to the fact that I had an only incomplete knowledge of their settlement agreement.

Q.242. Well, did you finally get it drafted? A. I finally drafted it and left it with the understanding that Mr. Barker would have Mr. O'Malley sign it; that he would put his name on as a witness to O'Malley's signature so he would know it was his genuine signature; he would then send it to Chicago whereupon I would get Mr. Street's signature and put my name on as a witness to his signature, and then copies or duplicates would be sent back to Mr. Barker and his clients and I could keep appropriate copies for my own clients.

Q.243. Did you remain in Kansas City for any period of time? A. I remained in Kansas City the 15th and 16th as I recall it, several days, and believe that I landed back in Chicago on the 17th and the signing of the paper by Mr. O'Malley was Saturday, the 18th, and that is the date the two papers bear. There were two

settlement papers. They were signed by Mr. Street in the following week, either the 20th or 21st, but dated the 18th.

Q.244. Where were you with reference to the 18th of May? A. I was in Chicago.

Q.245. You were in Chicago? A. Yes, sir.

Q.246. Having returned here when? A. Why, I could probably find from my books if it is important to you. I either came back here the 17th or 18th and I think it was the 17th.

Q.247. Did Mr. Street remain over in Chicago? A. In Kansas City you mean?

Q.248. I mean Kansas City? A. No, sir, as far as I know, he left the night of the 14th.

Q.249. Did you see him between the night of the 14th and the 18th? A. No, sir, not that I recall. To the best of my memory I did not.

Q.250. From whom did you get the terms of the settlement? A. I got a little piece of paper that Mr. Street wrote out in longhand giving the two or three figures as high spots, which I have in a safe deposit valut and still have. I took it out of my file within the last year, more or less, and put it in the safe deposit box where it still exists. It gave two or three figures on it; percentage to companies, percentage to policyholders, amount to be allowed for taxes. I recall that specifically that he had that on his paper. He apparently never understood or misstated the situation all the time. The allowance, according to Mr. O'Malley, in the old rate case was reimbursement of the state's expenses and the allowance to the attorneys, and payable to the Superintendent in the new litigation with payment or reimbursement of state's expenses. Mr. Street insisted on putting one of those $200,000.00 amounts which were reimbursement of state's expenses, he kept calling them taxes, apparently under the belief that the companies had not paid taxes on these impounded premiums. He was wrong about that and the rater for the state discussed that with him (Mr. Poor), and told him he was mistaken, it wasn't a tax item at all, and that wasn't why they asked it. I explained it to him but in the written slip he gave me, he still called it taxes. Why, I don't know. I have told you what the fact is.

Q.251. Did you ever receive an executed copy of the stipulation? A. The only executed copies of it that ex-

ist as far as I know in connection with anybody in the insurance companies, I have in a safe deposit box.

Q.252. Where? A. Here in Chicago.

Q.253. Whose box? A. My box, my personal box.

Q.254. You have an original executed copy? A. I have two original copies, one of each.

Q.255. What signatures appear on there? Whose signatures? A. R. E. O'Malley, Superintendent of Insurance, C. R. Street, Agent; to the left of those names —they are on the right-hand side—on the left appear "John P. Barker" and "R. J. Folonie."

Q.256. John T. Barker, you mean? A. John T. Barker, yes.

Q.257. From then on without going into detail, what, if any, work did you do in connection with the case up until the federal court decree was entered? A. I worked almost continuously on presenting the matter to the respective courts in which cases were pending and discussion of the matter with Mr. Street and others in interest with a view to facilitating appropriate court orders to secure the completion and approval of the settlement agreement by the courts, or what would amount in effect to that.

Q.258. And the decree was entered on February 1, 1936? A. That is correct.

Q.259. You were in conference with Mr. Street, as I understand, in regard to these matters frequently? A. Often, I would say.

Q.260. Did the item of $100,500.00 which had cleared through your office come up in those conversations in any way or manner? A. No, sir.

Q.261. It was not mentioned? A. No, sir.

Q.262. Now, after the federal court decree was entered, you and Mr. Street executed a declaration of trust? A. Yes, sir.

Q.263. Whereby you took charge of 30 per cent of the impounded premiums? A. That is correct.

Q.264. That aggregated over $2,500,000.00, did it not? A. Yes, sir.

Q.265. And then you and Mr. Street proceeded to administer that trust in accordance with its terms and provisions? A. Yes, sir.

Q.266. During the time of the carrying out of that trust agreement was the item of $100,500.00, which you have heretofore testified concerning, mentioned between you at all? A. No, sir, unless it might be said to have

been incidentally in contemplation in my statements to Mr. Street on several occasions that the $200,000.00 that was payable to Mr. O'Malley would require that we get money from the companies in the old rate case, as a separate group, have to get money enough to meet that $200,000.00 demand, and finally in December, 1935, or '36—Mr. Berger, which was it, when the decree in the restitution case was made?

Mr. Berger: The decree was made December 7, 1935.

A. In December, 1935, there was a decree rendered in that restitution case in which the court at his own instance or, at least, not at the instance of attorneys representing us, incorporated the $200,000.00, or incorporated $200,000.00 in the judgment against those companies in addition to the amounts which it was found they were entitled to restore or bound to restore. He distributed that prorata over all of the companies in his decree and I saw Mr. O'Malley repeatedly over a short period of time after that to get him to specifically agree that he would not demand his $200,000.00, which we had in writing stipulated he was to have, in addition to what the court had already collected, and he finally agreed that that was correct, so that the proceeds of that would inure to him and that he should not exact the $200,000.00 all over again, which we had agreed in the written contract to give him.

The Special Master: It was a fact there was not a complete identity that made you feel there might be a claim that that was in addition to the $200,000.00?

A. That is correct, quite so. It was an identical item in fact but—

The Special Master: But there was not a complete identity of parties and, therefore, did not conclusively appear to be the same identical sum; is that the idea?

A. No; there was an exact identity of parties in the restitution case in which the judgment was rendered but the $200,000.00 that the court incorporated into the judgment against those people was not identified as being the $200,000.00 that we had stipulated in writing we would pay to the superintendent to reimburse his expenses in that litigation.

The Special Master: That is what I say, and they were not exactly the same parties in the old litigation and the new?

A. No, sir; they differed. I also made it specific to Mr. Street after we got federal court money into our

possession that the federal court money should not be employed to meet that $200,000.00 payment because there were differing companies in the two groups of cases.

Q.267. (By Senator Hollingsworth) Then you proceeded to administer the trust? A. Yes, sir.

Q.268. And you paid out sums which I think are in accordance with your report filed in the federal court at a later date? A. Yes, sir.

Q.269. During the administration of that trust was there any mention between you and Mr. Street of the $100,000.00 fund that he had cleared through your office? A. No, sir.

Q.270. It was not discussed in any way or manner? A. No, sir.

Q.271. Now, do you recall that in the early part of March, I believe it was, 1936, you started to make a distribution of 6 per cent out of the 30 per cent? A. Yes, sir.

Q.272. Will you explain that transaction? A. It was the subject of discussion between Mr. Street and myself. We were mutually agreed that we had more money in the trust than would be required for the probable expenditures in the future, and I wanted to distribute $1,000,000.00 to the companies, to divest ourselves of the responsibility for the money, and to freeze a profit that we had in the bonds we had, which would show quite a material profit if we sold them at that time and which might disappear if we kept them long enough. Mr. Street opposed distributing $1,000,000.00 and said one-half a million dollars was enough; we couldn't tell what we would need the money for. After discussions on that proceeding for some little time, the length of which I cannot tell you, I gave in to him and we agreed on a distribution to the companies of 6 per cent. Checks were drawn for that distribution. I drew a form of letter or communication to go with that. Mr. Street, I think, had the checks made out and sent them over to me to sign and I made up a list and had it verified of the companies and the amount each one was entitled to. I checked each check to see that the amounts were correct, delivered all of the checks over to him for distribution to the companies. That was on more or less the 9th day of March. Within a short time after that, I should say within ten days, Mr. Street told me that he had changed his mind; that he thought it would be advisable to follow my suggestion to distribute one million dollars instead of a half

million, and that the probabilities were that we would lose some of the profit on our bonds if we held them too long and he was going to change his mind and would send the checks back to me and we would cancel them and make new checks.

Q.273. For what? A. He sent back to me—I brought over my book in which I keep all of this trustees' business—at the beginning I had this book and I paste everything in it, that I think has any bearing on it. He finally sent back to me pieces of checks. This was new to me, but this (indicating) is the way he did it, and I now display those pieces of checks which are the right-hand end of each check showing the number, the amount in dollars but not the written out amount, a tail end of the names "Street" and "Folonie" in most cases at least, and the word "Trustees." That is what I got back from him and he said he had destroyed the remainder of each of these checks. I had my office go through before I would take any further action to check these up and see that these were all of the checks that I had signed and found there were a number of checks missing out of the lot. So I instructed the bookkeeper to put in some kind of a little slip, paste them in the book and put in a little slip showing the missing checks, which she did, putting the number of the check there. When I called his attention to the fact that some of the checks were missing, which I doubtless did almost immediately after getting them, it was just one, two, three business, he said that he had delivered a few of the checks to people he happened to see and the thing to do was to make checks for 11 per cent to those that hadn't had their checks and make a check to each one of these whose check was missing for the difference between the amount they had already received and 11 per cent. Whereupon that was done and those checks were made, and on the succeeding pages of this book appear each of the checks for the 6 per cent that were outstanding and all of the checks made in the second batch. This second batch for 11 per cent were by Mr. Street also dated March 9, 1936. In other words he antedated these checks and dated them back to the date of the former checks and I didn't raise any question about his doing it and didn't think it was important, and that is the way they were done, but they were, in fact, signed, executed and turned over to him at a later date.

Q.274. Now, at that time or about that time did Mr. Street mention to you anything about requiring the companies to return to him 5 per cent or five-elevenths of this distribution he had made? A. No, sir, he did not.

Q.275. You have since learned that that was done? A. It still is hearsay with me but I credit the hearsay and believe it to be true.

Q.276. When was it that you first learned that anything of that kind had been done? A. After the death of Mr. Street, after February 1, 1938, I first discovered that he had not accounted back to the companies for the $100,000.00 and I first learned that there was a sum of three or four hundred thousand dollars, whatever the amount was—there was a sum of three or four hundred thousand dollars collected by him in 1936, more or less, in March of that year. The first time I knew there was any such fund or pot was in Kansas City in March, 1939. Prior to that time, however, I must state to you in fairness to you and myself that in 1936 Mr. Street presented to me some five, six, seven, eight checks of various insurance companies made payable to me, or perhaps my firm—I say "me." When I say "me," I am including myself and my firm in that—and said that he had some fund for which he found he had no further use; that he was accounting back to the companies for, and that he wanted me to endorse those checks over to him, which I did in his office. Those checks I am informed and believe to have been somewhere between $13,000.00 and $14,000.00. Until March, 1939, I had no knowledge that he had had any sum in excess of that amount in his possession in 1936.

Q.277. Now, those checks that he presented to you in 1936 were all checks payable to your order or to the order of your firm? A. That is my memory.

Q.278. And he said that it was money that he had that he didn't need? A. That is right.

Q.279. Did you make any inquiry of him as to why these checks happened to be in your name? A. No, sir.

Q.280. You never asked him a word about that? A. No, sir.

Q.281. And you knew when you looked at them in 1936 that they had been issued in March of that year? A. Well, I didn't pay any attention to it. I looked at the checks enough to add them up in my own mind to see the totals, to see they were company checks and

to see that the checks were old checks, by which I mean that they had been in his possession sometime. I have been informed since they were dated in March, 1936. If I knew it at the time, I don't know. I placed no significance in it, if I did.

Q.282. Did you ask him why he happened to hold checks payable to your order over that period of time? A. No, sir.

The Special Master: It is ten minutes after twelve. Let us recess until 1:30.

Whereupon, the further taking of testimony in said case was adjourned until one-thirty o'clock p. m. of said Thursday, August 10, 1939.

AFTERNOON SESSION, THURSDAY, AUGUST 10, 1939.

Pursuant to adjournment as aforesaid, at one-thirty o'clock p. m. of said Thursday, August 10, 1939, came again the same parties, present and presiding, as before, and the taking of testimony continued as follows:

ROBERT J. FOLONIE, resumed as a witness on behalf of the defendants, having been previously duly sworn, and testified further as follows:

Direct Examination (continued)
by Senator Hollingsworth.

Q.283. Mr. Folonie, you were asked this morning about your fees and you have stated a willingness to produce your books if they were needed or to submit them to examination. I have now learned that your fees were more or less uniform throughout the years 1934 on through to the time you ceased to be active in this litigation. Is that correct? A. That is correct.

Q.284. What did those fees amount to each year? A. They were on a uniform amount received for each of those years of $75,000.00.

Q.285. And did you render statements just once each year or was that broken up from time to time? A. No, once a year at the end of the calendar year, after the end of the calendar year.

Q.286. And you mentioned something about expense items on your books. Did you have any unusual expenses or what did you cover generally by expense items, your own traveling expenses? A. Mostly my own traveling expenses and the matters that we paid

out of our own office, which would be filing fees in court, stenographers' bills, printing bills, and things of that kind.

The Special Master: Occasionally photostatic bills when something came up and they asked you for a copy?

A. That is right. To answer specifically what I think is the intent of your question, there were no expenses of large amounts.

The Special Master: Nor unusual character?

A. Nor unusual character, and the largest probably were stenographic bills, so far as I can remember.

Q.287. (By Mr. Hollingsworth) Did you ever pay any of the fees or advance any of the fees to your associate or subordinate counsel? A. No; I never did.

Q.288. You were testifying before we recessed at noon about having signed some checks or endorsed some checks which Mr. Street delivered to you in the fall of 1936. A. Yes, sir.

Q.289. Do you remember approximately when that was? A. No. I have been told that it was either October or November, 1936, which more or less corresponds with my general memory which was that it was in the fall or winter of 1936-7.

Q.290. Those checks were presented to you in your office? A. No, sir.

Q.291. Where were they presented to you? A. In Mr. Street's office.

Q.292. What was the occasion of him presenting them to you in his office? A. Well, I was in his office on something or other connected with the law suit—I don't know—and he got the checks out and asked me to endorse them over to him and he made the statement I have already testified to.

Q.293. And that ended the matter so far as you were concerned? A. Yes, sir.

(Documents handed to the reporter, were marked for identification as "Defendants' Exhibits 297, 298, 299 and 300, EFM," both inclusive.)

Q.294. Now, I show you a series of exhibits numbered Defendants' Exhibits 297, 298, 299, 121, 300, 137 and ask you to examine those checks and the endorsements and state if they bear your genuine endorsement? A. Exhibit 297 is a photostatic copy of the back of a check and the words "R. J. Folonie, Agent" endorsed on the back

under the typewritten words, "Pay to the order of C. R. Street" are in my handwriting.

Q.295. I call your attention for further examination that that check was cleared on November 18, 1936. I think I am reading that date correctly, at any rate sometime in November. A. I cannot make out the date myself but I will accept your statement of it, and if you are correct about it, the endorsement presumably was on it before that date—on that date or before, I mean.

The Special Master: That was nearly eight months after the check was issued.

Q.296. (By Senator Hollingsworth) Then please examine Defendants' Exhibit 298. That is a check payable to R. J. Folonie, Agent, in the sum of $2,060.97. A. The situation is the same in that as the other except that the photostatic copy of my name is extremely indistinct, but I can see enough of it to be certain it is my handwriting.

Q.297. Will you examine Exhibit 300? A. Are all these checks in the same month?

Q.298. I think they are exactly the same month, March 26, 1936, and one is March 23rd. A. I don't care about the date Are they all within March?

Q.299. They are all within a few days. A. The situation as to Exhibit 300 is the same. The endorsements under the same identical typewritten words "Pay to the order of C. R. Street," immediately beneath is the words "R. J. Folonie, Agent," which is in my handwriting. I can't say whether the written words above Mr. Street's typewritten statement, "Pay to the order of C. R. Street," whether the written words above that were on or off of the check when I signed it. I don't know. I have no memory about it one way or the other.

Q.300. Now, will you examine Defendants' Exhibit 121. A. That one has the same typewritten words, "Pay to the order of C. R. Street" and beneath it the words, "R. J. Folonie, Agent," which are in my handwriting.

Q.301. That is apparently the 7th of November. A. Are those all bank stamped November?

Q.302. November either the 17th or 18th. A. I accept the statement of counsel that these various checks are dated in March, 1936, and bear stamp of banks in November, 1936, and I accept his statement without examining them to see that that is correct.

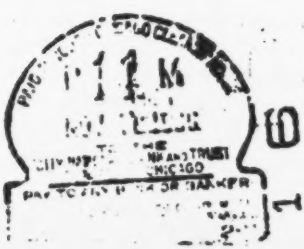
Q.303. Now, I do not think you examined Exhibit 299, which is a check dated March 24, 1936, payable to R. J. Folonie, Agent, in the sum of $1,402.27. A. The typewritten words and the written signature beneath the same are the same as on the ones previously shown me and the written name and appellation are mine.

Senator Hollingsworth: I offer those exhibits in evidence, 297 to 300.

Mr. Murphy: They were all offered.

Senator Hollingsworth: No, two of them I think were but four were not, but in any event in connection with this testimony I offer them to clarify the record.

(Which said Defendants' Exhibits 297 to 300, previously marked for identification, so offered in evidence, (Defendants' Exhibits 297, 298 and 299 having been previously introduced as Exhibits 147, 148 and 149 respectively) —are in words and figures as follows:)



PACIFIC FIRE INSURANCE CO

THE NEW YORK TRUST COMPANY

100 BROADWAY

No. 14543 NEW YORK

PAY TO THE ORDER OF R. J. Folmis Agency $1602.17

SUM OF $1602 AND 17 CTS DOLLARS

PACIFIC FIRE INSURANCE CO.

NEW YORK Mar 24 1936 No. 7939

THE CHASE NATIONAL BANK 29

OF THE CITY OF NEW YORK

PAY TO THE ORDER OF R J Folmis Agent $2060 97

SUM OF $2060 AND 97¢ DOLLARS

H Clapsen SECRETARY

W R Brooks VICE PRESIDENT

BANKERS & MERCHANTS INSURANCE COMPANY

Re 1 agent

PAYABLE WITH CITY NATIONAL BANK CHARLESTON, S.C.

NEW JERSEY INSURANCE COMPANY
GENERAL ACCOUNT

No. 6916

PAY TO THE ORDER OF P.J. Tolerico Agency $402.47

NEW JERSEY INSURANCE COMPANY - GENERAL ACCOUNT

SECRETARY

VICE PRESIDENT

D299

UNITED STATES BRANCH

SUN INSURANCE OFFICE

November 1936

55 FIFTH AVENUE

NEW YORK MAR 2.. 1936 No. A 42110

PAY TO THE ORDER OF R. J. Folonie Agent 342 53591 06/100

$359 AND 06 CTS DOLLARS

TO CORN EXCHANGE BANK TRUST COMPANY
FIFTH AVENUE BRANCH D-6
NEW YORK

UNITED STATES BRANCH OF THE SUN INSURANCE OFFICE OF LONDON LIMITED

P. B. Glover C. Bryan Rio

Agent

Litigation

Registered Payment

NOV 16 1936

THE NATIONAL CITY BANK

Q.304. When those checks were presented to you, you signed or endorsed them "R. J. Folonie, Agent" and you, of course, noticed that they were made payable to R. J. Folonie as agent? A. No doubt I looked to see how they were on the face and made the endorsement identical, whatever it was.

Q.305. Did you ever understand the meaning of the word "Agent" on there as to who constituted the principal and who the third party would be? A. Well, I had the knowledge any lawyer has of what the relation of principal and agent was, yes.

Q.306. Who did you understand was principal and who was agent? A. Well, I understood that the principal in the case was the insurance company and I understood that Mr. Street had gotten these checks for purposes of his own from the companies and that either by mistake or some other way they had been made payable to me and he wanted the proceeds which belonged to him, so I turned them over to him.

Q.307. You made no effort to ascertain the purpose for which you were acting as agent? A. No, sir.

Q.308. You didn't even ask the man who had the checks? A. No, sir.

Q.309. And you signed the name of R. J. Folonie, Agent, there without knowing anything whatever concerning the transaction? A. Except that my employer asked me to sign them over to him and I did.

Q.310. Well, your employer—you mean the chairman of the committee? A. Yes.

Q.311. Now, he took the checks out of your office and went away with them? A. No, sir, that was in his office and they remained there.

Q.312. They remained there? A. Until I left his office.

Q.313. Did you ask him why he happened to hold these checks for a period of seven or eight months? A. No, sir; his statement that he no longer needed them and was accounting back to the companies for them made me think he had had some use he believed for them at an earlier date and that whatever that purpose was, it had failed.

Q.314. Did you find out whether or not any of the other companies had issued checks like this? A. I had neither knowledge direct or inferential of the fact that any other company had issued a check except the group I endorsed in his office that day, and if you will total

those checks and see that they amount to some thirteen to fourteen thousand dollars, if they do, I will say that is all.

Q.315. Well, did you understand how he happened to have checks from certain companies, some six of them, payable to you in these odd amounts? A. I didn't know.

Q.316. Did the amount of each check suggest anything to you as to how it was arrived at? A. No, sir.

Q.317. You knew that it was not in payment of any bill or any service that you had incurred? A. I knew that I was not receiving it in payment of any fees or services, and from the fact that he stated he no longer needed them, I assumed that he hadn't gotten them with that purpose in mind when he got them.

Q.318. And you had no curiosity as to what it was for? A. Well, I don't know whether I had curiosity. I didn't ask him any way.

Q.319. At least, you didn't exercise it? A. No, sir.

Q.320. When you left there you didn't know the extent of the checks which you had endorsed over to him in number or value? A. I made a round number total of the checks in my own mind.

Q.321. For what purpose? A. Oh, just to know what I had done, that was all. I had it in mind. I knew immediately after that date, I knew in round numbers what it was, not adding them up by pennies at all or even odd dollars.

Q.322. But you did make a mental calculation as to the amount? A. I did and the first time I was asked about that I said I couldn't remember the exact amount nor even the aggregate, but I knew it was less than $25,000.00. That is the best I was able to do with it several years later.

Q.323. Why was it that you made the mental calculation at that time? A. Oh, just like you would make a mental calculation of anything you did at the time just to have a general notion yourself of what you were doing.

Q.324. Did you make any memorandum? A. No, sir.

Q.325. Now, you made this calculation just to know what you were doing? A. That is all.

Q.326. Well, you didn't know what you were doing except that you had endorsed checks payable to you as agent? A. To Mr. Street, yes, sir.

Q.327. And did you make a memorandum of any kind? A. No, sir.

Q.328. And in any other litigation that you ever had can you ever recall of receiving a check payable to you and your endorsing it without knowing what it was about and how it happened to be placed in your possession? A. Oh, in the multitude of matters that I have had over many years I have no doubt that I have done it but I can't remember any specific occasion now.

Q.329. You can't remember a single instance where that happened? A. No; I can't, no, sir.

Q.330. And neither your endorsement of these checks nor the other series of checks aggregating $100,500.00 did the thought occur to you in any of these transactions that you were debited on the books of these companies with those amounts which apparently aggregate now $112,000.00 or $114,000.00 in checks? A. I never thought of it as a bookkeeping item at all, and I was certain in my own mind that however the accountant happened to put it down on the books, that whoever paid those checks over to Mr. Street intended him to have the proceeds of them. Now how they put it on their books, I didn't know and it wasn't material because the true fact I was satisfied of; that is, that he was getting the money, using it, accounting for it to his principals, and all I was doing was putting them into his possession what they intended for him to have.

Q.331. A moment ago or before noon you testified that you went to St. Louis and delivered a message to Mr. Igoe. A. Yes, sir.

Q.332. For Mr. Street, relative to Mr. Igoe getting in touch with the governor and ascertaining whether the governor would attempt to block or interfere with the settlement. A. Yes.

Q.333. Or words to that effect. Did you ever get any report as to whether Mr. Igoe transmitted that message to the governor? A. I saw an account in a newspaper clipping showing people who were present at a conference with the governor in the month of April, 1935, and that newspaper article had my name among the rest there but I wasn't there.

Q.334. Did you get any report from Mr. Igoe or from Mr. Street in regard to that meeting? A. I have no definite recollection at this time but I have no doubt I got word from somebody that the governor was at least not going to obstruct the thing; whether he helped it or

not, I don't know, but, at least, he was not going to be obstructive to a settlement if it was soundly worked out. I got that word from somebody.

Q.335. Can't you say whether you ever got word from Mr. Igoe? A. I doubt it very much. I doubt it very much although I may have because I saw him only now and then. I don't know when Mr. Higgs died so I am not clear. If he was still alive, it was more than likely from him, but I can't answer when he died.

Q.336. You have gone through the files and can you state whether you ever received a written report? A. I can say that, yes, sir. I did not.

Senator Hollingsworth: That is all.

Cross Examination by Mr. Bullitt.

XQ.337. Prior to May 18, 1935, what attitude, if any, did you take towards a proposed settlement of this sixteen and two-thirds percent rate increase and how far, if at all, did you express your views on that subject to Mr. Street? A. Well, to adequately answer that I will have to make rather a long answer. I am sorry.

XQ.338. Do it. A. In 1923 when I entered into the old rate litigation, in the first place there was an order of the Superintendent in January, 1922, making a reduction of 15 per cent. A bill for injunction was filed in January or February, 1922, to enjoin it. That suit was dismissed in the early months of 1922, and the temporary injunction order dissolved, the rate order withdrawn and a written stipulation made that the superintendent would have a new rate order, and in that new rate order would have a hearing preliminary to it, having had none as to that first rate order. That stipulation was entered into by my partner, Mr. Hicks, Mr. Seymour Edgerton, Mr. John Leahy of St. Louis and by Mr. Merrill E. Otis, then Assistant Attorney General on behalf of the state.

Another rate order was made in the fall of 1922 after some kind of a hearing. I didn't participate in that first case at all.

In the fall, in October, 1922, there was another rate order entered of 10 per cent reduction. I counseled a little in that but took no active part in it and went into a hospital about the time the order was entered and was in the hospital that winter and entered into the law suit myself in June, 1923. On entering into it I was instructed by Mr. Ralph Ives, who was then the Chairman of the Committee who preceded Mr. Street, that the ob-

jective of the litigation was to secure a declaration of the underlying methods of setting up a proper account with the state as to profit and loss and that their predicate was earned premiums as income, incurred loss and expense as outgo as the principal items. The attitude of the state was it was to be written premiums and paid losses and expenses primarily. I was then advised that the money involved in it was entirely secondary to establish that principle, to take it to the highest court I could take it, preferably the Supreme Court of the United States to have the principle of accounting settled because it made trouble in every state. I adhered to that as the objective of the law suit clear through and still do, still think that was the appropriate and proper objective of the litigation, and that the money was incidental.

Until six years, more or less, before this so-called settlement, I made annual reports to the insurance companies at their annual conventions of progress of rate litigation as their chief counsel. Some five or six years before 1935, commencing perhaps in 1930, more or less, I was instructed by Mr. Street that I was to make no reports to the companies; I was not to communicate with the companies except through him, and that he would handle the litigation. I went to their meetings each year with a report of the general counsel prepared and never delivered any of them for all of those years. That is a little background now of what came up. I adhered constantly and right up to the very date this settlement agreement was signed to the proposition that that objective ought to be pursued, that no settlement should be made except as an incident to getting a court decision on the issues that I believed to be supreme. Mr. Street—

XQ.339. (Interrupting) Did you express those views to Mr. Street? **A.** Frequently and also at these meetings of insurance companies, I expressed it to anybody who inquired of me about it although I didn't publicly state it in the meetings because I wasn't permitted to state anything.

Some two or three years before 1935, which would be along 1932 or 1933, more or less, Mr. Street became increasingly of the opinion, which he had not so freely expressed before, that the cases ought to be settled some way, gotten out of court, and end the turmoil in the State of Missouri even though a decision of the ultimate questions of law could not be arrived at as a result of

the litigation. I disagreed with him, expressed it repeatedly to him. I expressed that viewpoint to the committee over and over again at meetings that they called me in, and Mr. Street wrote me on several occasions, recognizing the fact that he and I were in disagreement on the propriety of settling the case at all. I have one or two letters in which he expresses the fact that he and I are in disagreement as to whether any settlement at all should be made. When he got close up to the settlement and just before it was made, he said to me that he knew that I did not agree with him on the subject but that he wanted to know whether I was going to actively obstruct what he did, and that happened on several occasions and just immediately before the settlement while it was in the last few months of discussion. I told him on each occasion it was his law suit and if he settled it, I would not obstruct it; I would give him a lawyer's help in determining what he determined on, if it was with the wish of the companies, but that I did not abandon the views I had as to the propriety of it. I had another talk with him immediately after the settlement was made in which he inquired whether from the attitude that I had continuously had as opposing a settlement, whether I was the person who could go ahead and try to get approval of the courts as to the settlement. I told him I would do all that I could to bring it about despite the views I had; that he had made the determination and my duty as a lawyer was to try to accomplish what he had directed, but he was perfectly free to get somebody else if he wanted to. On a number of occasions he found fault with the aggregate of attorneys' fees and the fact that the fees ran too great, and he frequently complained of my lack of cooperation, as he called it. I repeatedly told him that he could have my withdrawal from the case whenever he requested it, and I wrote him on one occasion a detailed letter stating what each of the lawyers in the case contributed to it, viz., Mr. Berger, myself, Igoe's firm and Ragland's firm, and what their contribution to the thing was as we went along, so that he might judge which of them he wanted to retain and which he wanted to let go; that he was perfectly free to discharge any of them he wanted to, including myself. He ended up by not saying he would or would not but kept us all along.

XQ.340. Now, at or about the time of the May—

A. (Interrupting) There is one thing more.

XQ.341. Oh, I beg your pardon. A. In the previous year, 1934, he had in contemplation putting the case primarily in the charge of Mr. Igoe and a Kansas City lawyer whose name he mentioned and who, as far as I know, he never did approach on the subject, and believing that they had more political tact, as he called it, than I did, have them handle the matter, and I told him it was perfectly all right with me; I didn't claim to know about politics and if it was a political proposition, it was all right with me to have somebody else handle it, but he didn't.

XQ.342. Now, on or about May 18, 1935, was there any express occasion when Mr. Street excluded you from any negotiations concerning the settlement? A. I was never present at any negotiation prior to May 14th between him and the opponents, that is, the Superintendent of Insurance or his representatives. I was never present at any meeting that they had. I was not informed except in a very general way that I have stated that he even had conferences with them nor what they were nor the detail of them, and in this answer, I am not now covering what occurred at the meeting on May 14th at Kansas City when I am talking, but I am talking about any matters which are exclusive from that, which is still another story.

XQ.343. You say you are not covering what happened prior to that? A. I am not covering what happened on May 14th.

XQ.344. What happened on May 14, 1935, with respect to the pending possibility of a settlement? A. On May 14th which is the day when the settlement was agreed to, I was present in the room with all of this crowd that I have mentioned before.

The Special Master: That is just the same story you told before noon.

A. Yes, sir; I was present with all those persons in the room. There was also an adjoining room. There were two rooms there which were reserved for the occasion and the discussion covered two items while I was present which I remember with distinctness and I think there was very little else discussed while I was present because those are so conspicuous in my mind. They were the amount that was to be paid in the old restitution case, which was $200,000.00, in reimbursement of expenses.

XQ.345. (By Mr. Bullitt) To the state? A. Reimbursing the state, and there was discussion of the fees that Mr. Barker and his associates proposed to exact from the Superintendent, which the insurance companies were to pay to the Superintendent, as I then understood it, to reimburse him for what he was going to pay them.

The Special Master: General Bullitt, that is exactly what he told this morning.

Mr. Bullitt: He hasn't finished yet, I am sure.

A. That was in the forenoon. Mr. Parker also discussed a question of the rates which were discussed in a very general way with no particular detail. I told Mr. Street that I objected to the $200,000.00 in reimbursement of expenses in the old restitution case because I thought it was more than the state had expended and that I thought the amount of the fees that were under discussion for opposing attorneys were too large. He asked me if I thought they were exorbitant. I said I wouldn't use that word but I thought they were too large. Thereupon, more or less at noon time, and I didn't go to lunch so I don't know whether it was before or after luncheon, but along about noon time Mr. Street asked Mr. Parker, who was the rater who went with me to Kansas City, Mr. Terry of the Missouri Inspection Bureau and myself to go out in the other room and leave the room. At that time they had not reached any settlement on rates. They had reached no amount to be paid in the current litigation for expenses of the state or what proportion was to go to policyholders and to companies, although it had been discussed. I mean they had not reached a definite conclusion. They asked us to leave the room, or Mr. Street did. Mr. McCormack and Mr. Street, as more or less representatives of the insurance companies, remained in the room. The remaining three of us I have mentioned left the room and they remained there for hours after that time and finally reached a settlement, came out in the other room and told us what it was and we weren't there when they reached it or discussed the remaining details.

XQ.346. So then you were expressly excluded from the negotiations that ended in the settlement? A. I was.

The Special Master: Who remained in the conference, Mr. Folonie?

A. There remained in the room when I left Mr. Street, Mr. McCormack, Mr. Barker, Mr. O'Malley, Mr.

Poor and one person I forgot to name before and that was Mr. McHaney, attorney for the Insurance Department. I have been informed since that some one or more of those people also left the room and went out in the hall but I don't know that of my own knowledge. They didn't come in the room where we were. We left the room and left all these people in it.

XQ.347. (By Mr. Bullitt) In rate litigations in other states prior to that time, had any provision been made for the insurance companies paying the attorneys' fees for the counsel representing the state? A. Yes, sir. I had supervision of the Kentucky rate case and it was done in that case and the fees paid to the lawyers were fixed by the attorney general, and in that case the state paid the fees and we reimbursed them their payments, and one of the counsel for the state at that time was Mr. Barker who was also attorney in these cases.

XQ.348. How many companies were there involved in the state rate litigation who were not involved in the federal court? A. Seventy-five or seventy-six.

The Federal Master: It didn't start out that big but something would come up and I would make some remark and they would dismiss.

A. As a matter of fact, some of the companies that originally started in dropped out and some of them were dismissed from the federal court and made parties in the state court. The number changed but it was seventy-five more or less.

XQ.349. (By Mr. Bullitt) In the early part of 1935 what was the status of the state court litigation involving some seventy-five companies that were not in the federal court litigation and what expenses or funds were claimed by the state court companies? A. In the state court case at that time there was the finding of a referee, Mr. D. F. Calfee, who found in substance that the companies were entitled to two-thirds of their increase on the fire class and all of their increase on the tornado class of business. It was pending in court on exceptions to that report by both sides.

XQ.350. Do you know anything, and, if so, what about any assurances that may have been given by Mr. Street to the state court companies as to how they would be treated in connection with any settlement of either their cases or of the federal court cases? A. Yes, sir.

XQ.351. What was that? A. In December, 1937, I proposed to Mr. Street that we make a distribution to

the companies of all the funds that the trustees had in their possession, to turn all of the remaining funds in our hands to the companies. Mr. Street very strongly objected to doing so, said the fund would be needed in the future. Well, I knew better than he did what the expenses were that we had and I said to him, "Well, Mr. Street, I don't know of anything except attorneys' fees that can come and we will get more money later on out of this matter and I can see no occasion for leaving all this money," which amounted to some 7 per cent more or less of the impounded fund, "I see no occasion for keeping it any longer and not sending it back to the companies." He said he wouldn't consent to it at all, and when I asked him why or what use he would have for the money, he said that one thing was to equalize the state court companies, so that if the federal court companies got the money and the state court companies did not, that something could be paid to them to put them on a parity. For the first time from the time I was in the law suit until that time I went over Mr. Street's head and went to Mr. Henne because I didn't want the responsibility of keeping money that I could see no valid use for and asked Mr. Henne what he thought of my position, whether he thought Mr. Street or I was right about it. He said he thought I was right about it. Mr. Henne came into Mr. Street's office while I was there—this was about December, 1937—he came in (I don't know whether accidentally or he was called but my best recollection is that he just happened to come in, but it may not have been so. He may have been called by Mr. Street perhaps. At least, he came in.) I said, "Mr. Henne"—he mentioned something else first and then I said, "Mr. Henne"—this was in Mr. Street's presence—"I am in favor of distributing this money to the companies and getting it out of our hands. We have a profit on it. We have not suffered any loss. I don't want the responsibility as a trustee of keeping it any longer," and Mr. Street said, "Well, we have to equalize the state court companies and pay them some money perhaps and we ought to keep it to see whether we need it for that purpose." Mr. Henne said in substance, "I can't imagine the president of my company paying his good money out to somebody else when he has won his law suit and they have lost theirs, if they have, and I think you are all wrong about thinking the companies will ever consent to doing any such thing." "Well," he said, "that is what

they ought to do." That was the main reason he proposed for keeping the money. Within less than ten days after that time there was a meeting of the committee. I was called on the telephone and asked to attend as a mere participant. I didn't have any part in the meeting except I was asked to be there. At that meeting there were present the members of the committee, Mr. Henne I know for one and how many other members of the Committee, I don't know, five or six. There was present also Mr. Shallcross of New York who was United States Manager of the North British and Mercantile Company, one of the state court companies, and Mr. Morton Jones of Kansas City, President of the Kansas City Fire and Marine Insurance Company, also one of the state court companies. At that meeting they presented some letters which I had never heard of before and the various members of the committee expressed themselves as never having heard of before which Mr. Street had written many years before. I don't know the date of the letters. I should say 1930, '31, '32, or thereabouts, in which Mr. Street said in flat words that the companies were all in one pot; if one group won and the other group lost, they were going to divide and see that everybody was treated alike. I never heard of there being such letters or there being any such arrangement of any kind or anybody having authorized it until that particular meeting. Mr. Street had not mentioned it in the meeting he and I and Mr. Henne had some ten days before, and it impressed me as extremely strange that he would not have mentioned those letters in any way when he talked to us and urged the same subject without mentioning it.

XQ.352. They were letters, you say, from Mr. Street to Mr. Shallcross and others? A. That is correct.

XQ.353. Have you any copies of those letters? A. I have not and never did have.

XQ.354. Do you know where the originals were? A. These were letters, doubtless, in Shallcross' file because he produced them and they were addressed to him by Mr. Street.

XQ.355. Did this controversy with Mr. Street over the additional 5 per cent distribution in 1937 affect your relations with Mr. Street? A. Very sharply.

XQ.356. Did anything else occur around about that time to affect your relations with Mr. Street?

The Special Master: What was the date?

Mr. Bullitt: December, 1937.

A. There did.

XQ.357. What was that? A. Mr. Street said he had an expense bill of a considerable amount for his expenses over a period of years in this litigation that he wanted paid out of the trust funds. I asked him if he had any book records showing the detail of the expense and he said, "No." I asked him if it was just a case of lumping off an amount for covering years of expense and he said it was. I said, "I will not sign any check for anything of that kind. If you didn't get it currently, you will have to show what it is and it doesn't come out of this fund. If you can get it from the companies or some other way, it is all right but I will not sign the check for it." He was furious about that, perfectly furious.

XQ.358. Did Mr. Street ever express himself in writing to you regarding the unfriendly relations that existed between you and him? A. Yes, sir.

XQ.359. When was that? A. Well, he had expressed himself about disagreement over settlement but what I would term a decidedly unfriendly letter he wrote me in the last days of December, 1937.

XQ.360. Have you got the letter? A. Yes, sir.

XQ.361. Will you produce that? A. Yes, sir. I wish, Mr. Bullitt, you would give me an opportunity when you finish with this letter to call your attention or to call my attention to the mailing list mentioned in here and a little explanation on that.

XQ.362. I will come to that. A. I have the letter here (indicating).

XQ.363. All right. A. It is dated December 28, 1937, and it is a two page letter. By the way, I may say that the committee by unanimous action ordered a distribution of 5 per cent instead of the seven more or less we had in our hands, leaving the other one and a half or two per cent as a sort of a sop to Mr. Street because he objected so violently to distributing the money before the committee and assailed several members of the committee in that talk, that they ordered a distribution of 5 per cent and gave us an order in writing. We never paid anything out of this trust fund without a written direction from the committee, all of which I have in this book here.

XQ.364. This was in December, 1937? A. Yes, sir.

XQ.365. Now, did you have any correspondence with Mr. Street about the number of companies involved, the amount of impoundings, the amount of the distributions that were made to them? A. Yes, sir.

XQ.366. Was that before or after this letter that was unfriendly? A. Before.

XQ.367. Let's take it up in chronological order then. What was the reason of your sending a letter to the company giving a list of the companies and the impoundings and the distributions of them? A. It was not a letter. It was a list, listing all of the companies alphabetically, stating under a caption the amount impounded and putting that amount opposite each company's name under that column; another column showed distribution of 6 per cent March, 1935, and another column distribution of December, 1937—or March, 1936, I should have said, and another column the distribution of December, 1937, and I laid out a letter to the companies and offered to have it mimeographed in my office for him with a letter accompanying it stating, in substance, "Enclosed find a list on which appears the amount impounded by you, the amount of the payments made to you in March, 1936, and December, 1937," and I explained to Mr. Street that I had laid it out this way so it would serve a purpose of a partial accounting to the companies so they could check it against their records to see that the amounts corresponded.

XQ.368. Did that give the 50 per cent distribution as well as the 11 per cent and the 5 per cent?

The Special Master: The trustees didn't have the 50 per cent.

A. No, sir. It showed the total amount impounded by each company and another column the 11 per cent paid to them on a former occasion, the 5 per cent being paid to them on this occasion, whereupon they could check against their books to see whether they had gotten what they were entitled to.

XQ.369. That was a partial accounting of yourself and Street of the 30 per cent? A. Yes, sir.

The Special Master: A proposed partial accounting?

Mr. Bullitt: Yes, proposed.

XQ.370. What did Mr. Street do about that suggestion of yours? A. He wrote me this letter of December 28th.

Mr. Bullitt: I offer that in evidence.

The Special Master: Is that offered in evidence?

Mr. Bullitt: I offer it in evidence. Opposing counsel is now examining it. I am stating that for the purpose of the record.

The Special Master: We might as well wait because if they have objections, they will want to make them.

The Witness: I have not made a copy of this letter and I will ask the reporter if she will be kind enough to either give me back the letter or a photostatic copy of it.

The Special Master: She will copy the letter into the transcript and mail it back to you, Mr. Folonie.

Mr. Hollingsworth: I don't think it has any bearing on the issue but I have no objection.

The Special Master: Well, I think it bears upon the issues. Mr. Folonie is emphasizing what he was asked about having fallen out, but here is the part that is more important that bears upon the issues is the elaborate reason that he gives why he doesn't want the statement of the 11 per cent and 5 per cent mailed out to the companies. As a matter of fact, things had happened which show that that so-called 11 per cent turned out to be 6 per cent.

The Witness: I think the importance of it lies in the fact he was deceiving me as to what the true situation was.

The Special Master: Yes; it is not so much his hurt attitude. It is the other part that I think is competent. I think it bears very directly upon the case. It is admitted in evidence.

(Which said letter, handed to the reporter, was marked for identification as "Plaintiffs' Exhibit 301, EFM," which being offered in evidence, is in words and figures as follows:)

"PLAINTIFFS' EXHIBIT 301, EFM.

Great American Insurance Company
New York

Western Department
310 South Michigan
Avenue
Post Office Box 758
Chicago

C. R. Street
Vice President
G. D. Gregory
Secretary

December 28, 1937
Mo. Rate Case

Dear Mr. Folonie:

I hand you herewith printed slips from the Bank which should have gone to you at the time the checks were sent over yesterday for your signature.

Am also returning your mailing list, as I have no use for it.

Did not send out the letter and the list you drew up - we could have made those calculations in our office in an hour - for two or more reasons:

First - It is, in my opinion, unwise to complicate this matter by repeating to the companies detail of which they are already advised;

Second - It does not seem to me good policy to be telling each and every company what the other had impounded.

And then I might add, third, that each company knows the amount of its impoundings; its accountants are able to calculate 11% and 5% and anything along this line would look like repetition. Then, fourth, there was no time to have these letters reproduced. The checks went out with a two and one-half line slip as per copy attached.

Having said this much and after several days of very careful thinking, over Christmas at that when we are all supposed to bear in mind it is a season of peace on earth and good will toward all men, want to say that I have been very deeply hurt, more than in connection with anything I can remember for a long time, by your lack of consideration for me in the handling of this matter and, to be candid, the tactless way in which you did it.

Down in Missouri they have been telling me for years that 'Folonie has no tact' and I have simply turned it off as being another one of those things from Missouri. In this case, however, your lack of tact, your total lack of consideration for me is something which while I do not resent because of being past the resenting age does hurt me very deeply.

Possibly you may feel that my days in the business are numbered and I do not count. Expect, however, to be here for a while and down to my last day nothing is more certain than that I will be heard.

Having said that much, let me add that I forgive, since one of my good qualities is an ability to take into consideration in dealing with any person those peculiarities of temperament and disposition with which the Lord endowed the individual and not to hold them against him.

But I cannot be expected to forget.

Yours very truly,
C. R. Street

Mr. R. J. Folonie,
105 West Adams Street,
Chicago, Ill."

XQ.371. (By Mr. Bullitt) Does that letter reflect fairly the relationship between yourself and Mr. Street during the last few years of his life and even before the settlement of 1935? A. No; I would say it is an aggravated irritation on his part over what it had been before. Before he had repeatedly expressed himself that he didn't think much of lawyers, including me. He had said that many times and didn't go out of his way to be commendatory of anything I did, and I just let that pass, but he never had shown the really strong feeling before that he did in this letter.

XQ.372. By the way, when Mr. Street wanted you to pay out of your trust funds his alleged accumulated expenses for a number of years, did he give you any idea as to what the amount of those expenses was that he wanted you to pay? A. No, sir; he did not. I never let him get to the amount because if he was going to lump off some amount covering years, I wasn't going to give him any check for it.

XQ.373. Can you describe something of Mr. Street's general temperament, disposition, characteristics, and standing and reputation in the fire insurance fraternity

generally, especially the estimate in which he was held by the leading fire insurance executives?

The Special Master: Now, let me make a suggestion.

Mr. Bullitt: Divide it up?

The Special Master: No, not at all. That has been in the record a number of times. It has been in repeatedly. It has been in the record from people who profess never to have had any trouble with Mr. Street at all, and—

Mr. Bullitt (Interrupting): The only thing, here is Mr. Folonie, who is one of the key persons connected with him who had been active with Mr. Street about this transaction.

The Special Master: But Mr. Folonie frankly tells you there was a state of bitterness between them.

Mr. Bullitt: I am not trying to get the bitterness.

The Special Master: I know, but the thing you are offering to prove has been proved time and time again by people who have had no trouble with him at all.

A. I would prefer not to put a characterization of Mr. Street in the record myself.

The Special Master: If you insist on asking him I am going to let it in, but why put me to the burden of separating the statement of fact from the statement of feeling, when it is in the record by people who have no feeling? A. May I state one little incident of fact, which is not my own conclusion.

The Special Master: If you would rather, I would let him state the facts.

A. I will state facts.

(Whereupon, discussion was had off the record.)

The Special Master: Reframe your question.

XQ.374. (By Mr. Bullitt) I will put it this way: In 1935 and 1936, do you know how Mr. Street was esteemed for honesty and integrity and character by the fire insurance fraternity generally, and especially the high executives of the fire insurance companies that were involved in this federal litigation? A. He was apparently held in high regard.

XQ.375. A good many questions have been asked of you as to why you were willing to endorse $13,000.00 or $14,000.00 worth of checks payable to you, to your order in 1936, and turn them over to Mr. Street for such disposition as he thought proper to make. The disposition was to turn them back to the companies, is that it? A. Yes, sir.

XQ.376. Where the checks were made payable to you as attorney or agent, didn't you consider that as merely being in law, a *descriptio personae*, without any specific creation of agency? A. I don't think I thought it out that far at all.

The Special Master: Listen, I am a lawyer, just like all the rest of you. I understand that just as well as you do or he does.

Mr. Bullitt: Of course, we all do. That is the reason why I couldn't understand—

A. (Interrupting) Mr. Street had repeatedly told me to keep my hands off of the settlement. He was competent to handle it himself. If anybody was trying to put funds in the hands of anybody to settle it, they were his and not mine. I knew he was not going to let me handle it. He regarded me as tactless and not the proper person to handle such things, and he repeatedly told me so. Therefore, whether the companies thought he or I or the two of us together were handling it, I knew that he was going to handle it all by himself, and most of the companies knew that too, if not all of them.

XQ.377. The $13,000.00 or $14,000.00 was in amount small compared to your ability to take care of it, if any question was ever raised, wasn't it? A. You mean was I worth that much?

XQ.378. What I mean to say, isn't it a fact that you made a mental estimate of the amount of the checks you were endorsing, that it wasn't $1,000,000.00 or $250,000.00 or $500,000.00, but it was really negligible in amount? A. No, I don't think that went through my mind at all. I think I just did it because I was endorsing the checks, and as a matter of fact I wanted to know what they amounted to, and that is as far as I thought it out, I am sure. It was neither a big amount nor negligible. It was just that much. That was all.

XQ.379. Who had charge of filing the papers in connection with the sixteen and two-thirds percent rate increase? A. Mr. P. W. Terry of the Missouri Inspection Bureau.

The Special Master: Of course, you told him what had to be in it. You mean he prepared the figures, the tabulations?

A. No, he asked who filed them. He was the filing agent, and, of course, I went over with him in advance what he was doing.

XQ.379½. Just what was doing about filing the papers in connection with that sixteen and two-thirds percent increase? A. They were carried by Mr. Terry to the office of the Superintendent of Insurance and placed on his desk as though they were filing it.

The Special Master: They were applications for an increase of rates, supported by figures from the companies, annual statements and computed profit and loss, to show that the present rates were inadequate?

A. Yes, and they were tabulated on a very large accounting sheet, and I should think there were hundreds of them, as I remember it. There was a great big stack of papers, company by company, and in the aggregate—

XQ.380. (Interrupting) What were the facts on which the companies relied in filing these papers, to bring about an increase of sixteen and two-thirds percent in their case? A. Their five year experience prior to the year 1929, and the five years immediately preceding that, as shown by their books and records, and their filings in the Insurance Department.

The Special Master: Their annual statements?

XQ.381. What did they show? A. Well, our construction of them was that they showed that the rates as collected resulted in a loss which would not reach a more than reasonable profit if they got the increase they were filing for. That was our construction of them. I suppose there were other constructions possible from them, and I said a while ago that I would volunteer a little fact, which is not a conclusion, as indicative of Mr. Street's type and character, and it is very short. I employed the firm of Morrison, Nugent, Wylder & Berger, with his consent. He had never met them. I took Mr. Morrison in to introduce him, after he had been engaged for sometime as associate counsel. I took him to Mr. Street's office, went into his office, and Mr. Street was busy working at his desk writing at some papers on his desk. I told him, "This is Mr. Morrison that I employed in Kansas City to help us in the lawsuit, and I brought him over to introduce him," and he kept his eyes down on his paper and kept writing, and never looked up, and said, "I don't think much of lawyers." Whereupon, I said, "I guess, Ed, we are all done." We left, and that is indicative of the type of man, and that is a fact. I prefer not to make any further characterization of him.

XQ.382. Mr. Folonie, have you and Mr. Henne heretofore filed in this case a complete accounting of the disposition of the 30 per cent impounded funds which stood in the names of yourself and Mr. Street, and later yourself and Henne as trustees? A. Up to the date of that account, yes.

XQ.383. Are you familiar with the contents of that account? A. Yes, sir.

XQ.384. Was that accurately made up and does it correctly set forth the facts of your trusteeship? A. Made by certified public accountants, checked by me, and was meticulously correct.

The Special Master: It is a part of our record, but this is the proof that it is true, and we are through with it.

XQ.385. Have you also ever examined, or do you know anything about the custodians' report that has been filed in this same case? A. I have received copies of them periodically as they were rendered to the Court. The copy was sent to me each time.

XQ.386. Do you know whether they were accurate or not? A. No, sir; I don't mean to say there is any inaccuracy about them. I don't know.

The Special Master: No, he is asking for your knowledge, and not your confidence.

XQ.387. The Defendants' Exhibit 267, dated May 16, 1935, is a telegram from Mr. Street to Mr. George C. Long at Hartford, Connecticut, in which he says, among other things, that he was at Kansas City with attorneys for both sides on the day before, and adds, "Situation much changed by federal decision requiring companies to show refunds in old case paid in full before they decide pending case which means reference to master and months of work at great expense/ Decision on vital point in state court rendered under pressure in our favor but with some bitter judicial comment/ These things make ninety percent settlement as originally proposed impossible," and that is as far as we need go. Do you know what the change in the situation was, to which Mr. Street referred in that telegram, and if so, tell us what it was. A. Let me read it again.

XQ.388. Here is what he is asking you: do you know what this telegram refers to when it says, that there is a federal decision requiring the companies to show refunds in the old case paid in full. A. I draw

the inference that that refers to an order of the Federal Court, referring five cases, which had been submitted to them, to a master to ascertain whether they had made restitution in the old case on which the court reversed its ruling, having formerly held that whether they made restitution or not was immaterial, and had struck out the part of the answer that set that matter down for consideration. If it does not refer to that, I do not know what it refers to. I assume that is it.

XQ.389. Well, the matter that he referred to was a change adverse to some extent to the companies' position, wasn't it? A. Yes, sir.

XQ.390. And was to some extent, at all events, in favor of the State's contentions? A. Theoretically, practically, no, because that restitution had already been made in the state court and the money paid into court, and the hearings had as to the propriety of it, so that as a practical matter it wasn't important, but theoretically it was.

The Special Master: Then the other thing he asked you about was—

Mr. Bullitt: That is the reason they changed from 90-10 to 80-20, just one of those imponderable things that occurred, when one side thinks they have a little advantage.

The Special Master: I cannot see how it is an issue, how they changed from 90 to 80. It makes no difference how they changed. They did. When people are settling, even if the other side just arbitrarily said they would not settle for 90 and you decide to give them 80, that could account for it.

Mr. Bullitt: That is all.

The Special Master: Mr. Folonie, I just want to ask you one question: You have been very clear and you have been very full about what you told, and I understand it completely. There is just one thing that I would like to ask about. You said that when Mr. Street came to get you to endorse some of these checks and clear them, you thought you knew that he wanted some money because you knew he was about to make a settlement, and you knew of lots of things that he could want money for, if he was going to make a settlement, but you also said that you did not ask him anything about it. Now, ordinarily when people are working together in a thing, even if you do not expect to handle the settlement, you have enough independent curiosity to ask what is going

on and "What do you think you are going to be able to do?" According to your testimony, you did not do that. There must be some reason for that, and you have not stated what it was.

A. There are quite a number of reasons which might bear on that. In the first place there was a man named Goltra of St. Louis who had tried to bring about a settlement of this case for a long time, and he was working with a St. Louis agent. What was his name, Homer? I have forgotten.

Mr. Berger: Markham.

A. An agent named Markham in St. Louis was working with him on the thing. They approached me to let them take a hand in bringing about a settlement. I made it clear to them that I had nothing to do with settling the case, and would not discuss it with them, and tried to be as courteous as I could to them. Finally Mr. Goltra came to my room in Jefferson City, and renewed the subject, and claimed to have gone and seen different people in interest, including judges, about the litigation. Mr. Berger was present with me at the time, and I put him out of my room and told him I did not want him to have anything to do with me or the lawsuits. He had said that he wanted to help, and the only way in God's world he could help me was keep his damn nose out of the case, and I put him out of my room. I resented very much his claim that he had been to see judges, which I think was not true, but he said he had. I knew Mr. Street talked to him after that time; and I supposed and conjectured at the time this settlement was going on that some way or other he was making his settlement through those avenues, which I think now was probably not so. Subsequent to the settlement of this case, Mr. Markham made a demand on this committee for fees for Mr. Goltra for his help in bringing about settlement. That was after the settlement was made. I do not know whether they ever paid him or not. I think not, but I do not know. As long as Mr. Street was working along and negotiating along with people that were highly offensive to me, I did not want anything to do with it and he knew how I felt about it because I told him. There was a tension between him and me that he would tell me nothing, and when he got right up to the settlement of the case, the avenues that he was using (which might be Goltra or which might be some other agents), and the fact that he was probably hiring other

lawyers because I knew he got legal advice from somebody besides myself from his conversations—I don't know who they were now—I thought he might have obligations to other lawyers that were the things that he did not want me to know about. I also knew that Mr. Street had repeatedly told me to keep my nose out of the settlement; he was handling it alone and I was to have no part in it, and I was quite certain if I asked him what he was doing, to whom he was paying it and what he was paying it for, he would tell me it was none of my damn business, and I do not know whether I have answered what you have in mind.

The Special Master: You have, fully, but you do understand there was a hiatus in the thing, you did not ask him. Ordinarily people working together do ask each other, even though they do not expect to attend to it. I wanted to understand that.

A. There were so many people present at the settlement meeting when he put me out of the room, the chief counsel in the case, and I was not even permitted to be there when they talked settlement. You can appreciate that we were not working together very well. All I could do was get out of the way, and that was all I was trying to do the best I could, to keep out of his way. He was doing it all himself. He had subjected me to, for six or seven years, the situation where as general counsel I could not report to my own clients. He would make the counsel report to them in his own way. In the meeting in the spring of 1934, if I am not mistaken, he got up and stated before the membership of the association with more than 100 people present, that his own lawyers were far inferior to the lawyers on the other side of the litigation, that the other side was much smarter, and had delayed the case in the Federal Court for a long time, and we were not smart enough to stop them. I hope I have answered your question. I am trying not to characterize Mr. Street at all, if I can help it, but I will give the facts if you ask for them.

Mr. Bullitt: That is all we want.

A. I want to add furthermore that when Mr. Street cleared this $100,000.00, I went in and talked to my partner, Mr. Hicks, who had nothing to do with the litigation, except that I blew off steam to him. I went in and talked to him, and we tentatively came to the conclusion that probably Mr. Street had already settled the case and made his terms. I did not know we were going to have

a meeting in the next week in Kansas City, and that probably this was something which he had already incorporated in the settlement he had made, and it was after that date that he told me he wanted me to go to Kansas City to have a discussion of settlement. Up to that time I was not sure but what he had already done it. I knew he was quite capable of doing it without talking to me at all.

Re-Direct Examination by Senator Hollingsworth.

RDQ.391. When was it that the man, Goltra, came to your room and where? A. It was in Jefferson City, and I don't know when it was. It was in Jefferson City and I should say that it probably was during the year 1934.

RDQ.392. It was prior to the last negotiations? A. Or early in 1935 possibly. I don't know.

RDQ.393. But quite some little time prior to the negotiations? A. To the best of my memory it was.

RDQ.394. In May. After your bills were rendered to the committee, as I understood it, for approval, what became of them? Who paid them? A. Prior to the settlement of the case, my checks in payment of fees came I think universally through the Missouri Inspection Bureau. After the settlement was made and funds were in the hands of the trustees, they were paid out of the trustees' account, after they had been ordered paid in writing by the committee. I may modify that last statement slightly by saying that I believe there has been one bill perhaps (and I am not clear about it) of a comparatively small amount, much less than the $75,000.00—a year, I mean, because I have not been charging that since the real row stopped—that may have been paid through the Missouri Inspection Bureau perhaps. It was not paid out of the trustee account. It was some bill; I am not clear about it.

RDQ.395. Up to the time of the settlement, it was paid universally through the Missouri Inspection Bureau? A. Yes, sir, also the fees of the associate counsel in the same way, which would be sent to me and I would forward them on to the associate counsel.

Senator Hollingsworth: That is all.

A. Does your request about sending you some memoranda about my books, is that withdrawn in the light of what has transpired?

Senator Hollingsworth: I think it has.

A. If you want it further, let me know.

(Witness excused.)

(Whereupon, discussion was had off the record.)

Whereupon, the taking of depositions was continued to a time to be fixed by the Master.

MORNING SESSION, TUESDAY, AUGUST 22, 1939.

Pursuant to adjournment as aforesaid, at ten o'clock a. m. of said Tuesday, August 22, 1939, at the DeSoto Hotel, St. Louis, Missouri, came again the same parties, present and presiding as before, and the taking of testimony continued as follows:

Mr. James E. Carroll of the firm of Igoe, Carroll and Keefe, St. Louis, Missouri, appeared, representing the witness, Mr. A. L. McCormack.

A. L. McCORMACK, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Judge Henson.

Q.1. Please state your name. A. A. L. McCormack.

Q.2. Do you care to give your first name? A. Alphonsus.

Q.3. Where do you live, Mr. McCormack? A. Richmond Heights, St. Louis County.

Q.4. How long have you lived in and about St. Louis? A. All my life.

Q.5. What age man are you? A. Forty-nine.

Q.6. What business have you been engaged in practically all of your life? A. Insurance business.

Q.7. Along about 1935 what was your position, if any, with the insurance agents' organizations of the state? A. In 1935 I think I was just a member of the Board of Directors.

The Special Master: He said the insurance agents throughout the state.

Q.8. (By Judge Henson) Yes, I mean the agents' organizations. A. I think I was merely a member of the Board of Directors in 1935.

The Special Master: Of what?

A. Missouri Association of Insurance Agents, is that what you refer to?

The Special Master: That is what I wanted.

Q.9. (By Judge Henson) When were you president of that organization? A. In 1933 and 1934; I think those are the years.

Q.10. Now, Mr. McCormack, would you mind giving us your start in the insurance business and your rise and as you came on up through? A. Well, I started before I was twelve years of age as an office boy in 1903, January 1, 1903. I have been in the insurance business in various positions ever since.

Q.11. You have been president of a life insurance company too, I believe? A. Yes, sir, Central States.

Q.12. And also on the Board of Directors? A. Yes, sir.

Q.13. Were you acquainted with R. Emmet O'Malley, the state Superintendent of Insurance, during the years that he was Insurance Superintendent of Missouri? A. Yes, sir.

Q.14. I will ask you whether you knew of the existence of what we call the sixteen and two-thirds percent rate controversy that was in the federal courts and some of it in the state courts while it was pending? A. Yes, sir.

Q.15. And I will get you to state what conversation or substantially the conversation you may have had with Mr. O'Malley as a preliminary to a settlement of that controversy, the first approach you can remember that he made. A. You mean the first approach Mr. O'Malley made about the settlement?

Q.16. Yes, sir. A. It is pretty hard to recall dates, Judge, but I would say early in 1935. I think early in 1935 Mr. O'Malley came to St. Louis, and I do not recall whether he had notified me that he was coming to St. Louis or whether he called me when he arrived here. In any event, I met him at the Coronado Hotel in St. Louis, and during that meeting he asked me if I thought that the insurance companies would want to settle the fire insurance rate case, and I told him I did not know, that I had no authority in any way, shape or form, and I could not talk with the insurance companies, but if he had any suggestions to offer, I would be glad to convey it to Mr. Street.

Q.17. Who was Mr. Street? A. I think Mr. Street was the gentleman in charge of the litigation.

Q.18. Was that Charles R. Street? A. Charles R. Street.

Q.19. Of Chicago? A. Chicago, Illinois, vice-president of the Great American Insurance Company.

The Special Master: It is in the record over and over again who he was.

Q.20. (By Judge Henson) All right, just go right on. A. And I told him, of course, as an insurance agent we had no authority; we couldn't speak for the companies in any way, shape or form, but I would be very glad to convey any suggestions he had to Mr. Street, and he said, "Well, would you be willing to do that?" I said, "Yes," I would be willing to carry any message to Mr. Street that he had to give, and he said, "Well, if they would be interested in settling the case," he said, "maybe it could be done." I said, "How do you suggest it be done?" And he suggested that maybe if Mr. Street would talk with Mr. Pendergast that they might be able to get together and dispose of the case. I said, "I will be very glad to convey that information to Mr. Street."

Q.21. Who did you understand Mr. Pendergast was?

The Special Master: Never mind what he understood. What Pendergast was he talking about, do you know?

A. Mr. T. J. Pendergast of Kansas City.

The Special Master: Very well.

Q.22. (By Judge Henson) All right, just go right ahead. Is that all the conversation that you recall at that time? A. Yes, sir.

Q.23. What did you do next in this matter? A. Some few days after that meeting I went to Chicago and informed Mr. Street of my conversation with Mr. O'Malley.

Q.24. State as near as you can the conversation that you had with Mr. Street in Chicago on that occasion. A. I explained to Mr. Street how Mr. O'Malley had communicated with me and just what he had said at the Coronado Hotel, and I asked him, I said, "Now, I don't know anything about this. This is what Mr. O'Malley mentioned and I thought I would bring the information to you."

Q.25. Did you repeat to Mr. Street then substantially the conversation you had with Mr. O'Malley? A. I did, yes, sir.

Q.26. What did Mr. Street say? A. Mr. Street said he would be glad to meet with Mr. Pendergast.

Q.27. Is that, now, you think, about all of the conversation that you and Mr. Street had? A. That is about all, yes, sir.

Q.28. The conversation didn't last long? A. No, it did not last long.

Q.29. State whether or not you took any steps to get Mr. Street and Mr. Pendergast together? A. I returned to St. Louis, I think, on the noon train or the afternoon train, I am not certain, and I communicated with Mr. O'Malley. I do not recall where he was, whether he was in Jefferson City or Kansas City; he was not in St. Louis. I told him that Mr. Street would meet with Mr. Pendergast. Mr. O'Malley said he would then try and arrange a meeting time.

Q.30. Did you later get information as to when Mr. Pendergast and Mr. Street would meet? A. Yes, sir.

Q.31. Where was that meeting to be? A. In Chicago.

The Special Master: Well, got information how?

Q.32. (By Judge Henson) Yes, how did you get the information? A. Mr. O'Malley informed me that Mr. Pendergast would be in Chicago on a certain date, and I notified Mr. Street of that fact.

Q.33. How did you notify Mr. Street? A. I think by telephone.

Q.34. How did you get the information from Mr. O'Malley? A. I think by telephone; I am not certain, Judge.

Q.35. State whether or not a date was fixed when Street and O'Malley would meet. A. My recollection is that it was, yes.

Q.36. State whether or not you attended the meeting between Mr. Street and Mr. Pendergast. A. I did.

Q.37. Where did that occur? A. At the Palmer House in Chicago.

Q.38. How recently was that after the other trip to Chicago, the best you can recall? A. Oh, I imagine a couple of weeks, two or three weeks.

Q.39. Was anyone else present besides Mr. Street, Mr. Pendergast and you? A. No one.

Q.40. At that meeting. State what occurred there. A. Well, Mr. Street, for about an hour or an hour and a half was explaining the many angles and ramifications of the rate litigation in Missouri which had been going on continuously for about fifteen or sixteen years, and stated that in his opinion the insurance companies were entitled to all of the money that had been impounded, but that legal delays and things of that nature were simply prolonging the litigation to the point that it

was disturbing the insurance business in Missouri, in that the citizens of Missouri were not receiving the modern coverages and the lower rates and things of that nature, and that he was very anxious if some way could be found to dispose of the litigation.

Q.41. Well, just go ahead and state then what Mr. Pendergast said. A. Well, I had heard that statement so often. I was in and out of the room at various times during that meeting and Mr. Street said he would be willing to pay someone a fee for bringing an acceptable settlement.

Q.42. Go right ahead and state. A. And I think Mr. Street asked Mr. Pendergast what he thought it would cost to have that done. I do not recall what Mr. Pendergast's reply was, but the next thing I heard about it, they had agreed on the sum of $500,000.00.

Q.43. And just amplify that a little more. A. Well, Mr. Pendergast said that he would do whatever he could to dispose of the matter upon his return to Kansas City after they had agreed on the $500,000.00 figure.

Q.44. State whether or not it was agreed that for the $500,000.00 he would procure the settlement. A. Well, now, it is my recollection that he simply said—Mr. Pendergast simply said he would see what he could do about it.

Q.45. And what was the $500,000.00 for; he was to get that? A. That was to go to Mr. Pendergast.

Q.46. Yes, sir, and from whom? A. Well, I just presumed from Mr. Street.

Q.47. You weren't paying it, of course? A. No, sir.

Q.48. State whether or not Mr. Street agreed to pay that sum to Mr. Pendergast. A. He did.

Q.49. How was that to be paid? A. I have no recollection of any statement being made as to how it was to be paid.

Q.50. Was any statement made at that meeting as to who was to deliver the funds or anything about that? A. No, sir.

Q.51. Was any statement made as to when it was to be paid with reference to the settlement? A. Well, other than when an acceptable settlement was procured, I would presume.

Q.52. Have you stated all that you can recall of that particular meeting? A. Yes, sir.

Q.53. State whether or not Mr. O'Malley was there. A. Mr. O'Malley was not there.

Q.54. Where did you go then from Chicago at the end of that meeting? A. I returned to St. Louis, I think, on the noon train.

Q.55. And state whether or not you talked to Mr. O'Malley immediately after that. A. I don't think I did.

Q.56. Now, I will get you to state the circumstances under which you went back to Chicago and met Mr. Street at which Mr Pendergast was not present. A. In reference to what particular matter, Judge?

Q.57. In reference to raising the amount of the $500,000.00 up to $750,000.00. A. Well, I know nothing about the raising of the money or anything like that. I don't know how that was raised and have no knowledge whatever.

Q.58. What did you do next in regard to the matter? A. You will have to give me some thought as to what you have in mind.

Q.59. Well, I was thinking you were present and that Mr. Pendergast or Mr. Street agreed to make the amount of $750,000.00 if it could be speeded on. That is the meeting I am talking about. A. Oh, I see. Well, that was sometime later. I do not recall the date, Judge, but I was in Chicago and Mr. Street informed me that he had been giving the matter some thought and he was willing to raise the amount to $750,000.00 to expedite the settlement.

Q.60. And state then what, if anything, you did with that information which was imparted to you. A. I conveyed that information to Mr. Pendergast.

Q.61. How was that done? A. Verbally.

Q.62. Where? A. At the Congress Hotel in Chicago.

Q.63. Mr. Pendergast then, was not present, I assume, when Mr. Street made the offer raising it? A. That is correct.

Q.64. Did you know that Mr. Pendergast was in Chicago? A. Yes, sir I saw him on the street and I happened to go to Mr. Street's office, and I told Mr. Street I had seen Mr. Pendergast on the street.

Q.65. State how soon after Mr. Street raised this offer to $750,000.00 until you told Mr. Pendergast about it? A. Oh, I imagine within an hour.

Q.66. What did Mr. Pendergast say? A. He simply said he was working on the matter and that he was doing everything that he could to expedite the matter.

Q.67. Did Mr. Pendergast indicate whom he was working with? A. No, sir, he never did.

Q.68. What do you recall next in this impounded rate litigation? A. Well, Judge, if you give me some indication as to what particular point you have in mind, I will be glad to—

Q.69. (Interrupting) State whether or not you went to Chicago about May 9, 1935, and saw Mr. Street and Mr. Street gave you some money. That is the incident I have in mind. A. Yes, sir, I did.

Q.70. Just tell us now what occurred there. A. It is my recollection Mr. Street called me by phone and asked me to come to Chicago, which I did, and went to his office.

Q.71. State whether or not he told you anything on the telephone as to the purpose of going to Chicago. A. He did not, no, sir.

Q.72. How soon after you got the request to come to Chicago until you went? A. Well, I went that night on the night train.

Q.73. Then, I take it, you saw Mr. Street the next day? A. Yes, sir, the next morning.

Q.74. Well, what occurred there when you saw him the next morning? A. Well, I went into Mr. Street's office and he closed the door and he said, "Do you want to do a favor for me?" And I said, "Yes, I will be glad to do anything I can." He said, "Do you mind taking this package over to Mr. Pendergast in Kansas City?" And I said, "No, I will be glad to do it."

Q.75. What was in the package? A. Well, he showed me some money he had there.

Q.76. Did you count it? A. No, sir.

Q.77. Did he state how much it was? A. Yes, sir.

Q.78. He asked you to take that to Mr. Pendergast at Kansas City? A. Yes, sir.

Q.79. How much money was that? A. It was $50,000.00.

Q.80. What did you do then with reference to the $50,000.00? A. I took it over to Kansas City and gave it to Mr. Pendergast.

Q.81. How did you go from Chicago to Kansas City? A. By airplane.

Q.82. What time did you get in Kansas City? A. It is my recollection around five or five-thirty in the afternoon.

Q.83. Where did you make the delivery, if you did make a delivery of the money to Mr. Pendergast? A. I can never think of that street address, that Jackson County Democratic Club, wherever that is.

The Special Master: You mean 1908 Main?

A. Yes, sir, on the second floor.

Q.84. (By Judge Henson) Yes. What occurred between you and Mr. Pendergast there when you took that money? A. I said, "Mr. Pendergast, Mr. Street gave me this package of money for you," and I handed it to him.

Q.85. What did Mr. Pendergast say? A. I don't recall any conversation. I wasn't there but probably a minute or minute and a half.

Q.86. What did you do with the money? A. I gave it to Mr. Pendergast.

Q.87. That is this $50,000.00 that Mr. Street gave you? A. Yes, sir.

The Special Master: Did Mr. Pendergast count the money?

A. It was wrapped up in packages, you know, with a band around like they have in the bank.

The Special Master: So you could tell from the pack how much was in the package?

A. Yes, sir.

The Special Master: Could you tell from the appearance of it how much it was?

A. I don't know whether it was ten packages or twenty packages, what it was.

The Special Master: I know, but you could tell from the wrappers how much it was?

A. Yes, sir.

The Special Master: You could tell that it was $50,000.00?

A. Yes, sir.

The Special Master: Did Mr. Pendergast count it after you got there?

A. He probably counted the packages, that is all.

Q.87½. (By Judge Henson) What, if anything, did Mr. Pendergast do with that money? A. I do not know.

The Special Master: All he means is what did he do in your presence?

A. He laid it on top of this desk.

Q.88. (By Judge Henson) Did you see him put it away in a safe or in a place of that kind? A. No, sir.

Q.89. Was it there on Mr. Pendergast's desk when you left? A. Yes, sir.

Q.90. Was anyone else present when you and Mr. Pendergast were talking, anyone else in the room? A. No one.

Q.91. Did anyone come in while you were there? A. No one, no, sir.

Q.92. Was there anything said about the remainder of the money, going back, now, to Chicago when Mr. Street sent $50,000.00? Did he say anything about the rest of the money? A. Yes, it is my recollection Mr. Street said he was going to have some more in a few days.

Q.93. Did you tell that to Mr. Pendergast? A. I think I did.

Q.94. Did he tell how much more he was going to have in a few days? A. Well, now, I am not certain about that, Judge.

Q.95. I believe when I started with this trip to Chicago and the reception of this $50,000.00 and the going back the same day by plane to Kansas City, I believe we fixed that date as May 9th? A. You can't rely on me for dates because I just can't recall dates.

Q.96. Was that about the correct date, May 9, 1935? A. That is about right, yes, sir.

Q.97. Now, do you recall a meeting at the Muehlebach Hotel in Kansas City? A. Yes, sir.

Q.98. Which was about May 14, 1935? A. Yes, sir.

Q.99. Would that be about the correct relation? That would be about five days after you had taken the $50,000.00 to Mr. Pendergast that this meeting was held? A. I think that is correct, yes.

Q.100. Now, whom do you recall as being present at that meeting at the Muehlebach Hotel? A. Mr. Street and Mr. Folonie, Mr. J. V. Parker; he is now deceased.

Q.101. Was Mr. O'Malley there? A. Mr. O'Malley was there, Mr. Poor.

The Special Master: Who was Mr. Poor?

A. He was the chief rater in the Insurance Department.

The Special Master: Oh, yes.

Q.102. (By Judge Henson) Was Mr. McHaney there? A. Mr. McHaney was there, yes.

Q.103. What was his position? A. I think he was the attorney for the Insurance Department.

Q.104. And you were present? A. Yes, sir, I was present.

Q.105. Was Mr. Barker there? A. Yes, sir, Mr. Barker.

Q.106. John Barker? A. Yes, sir, he was there.

Q.107. What occasion, how did you happen to attend the meeting or know of it? A. I think Mr. Street invited me to the meeting because I went to Chicago and went down from Chicago to Kansas City with Mr. Street and Mr. Folonie and Mr. Parker.

Q.108. Oh, you went back to Chicago then? A. Yes, sir.

Q.109. And went with them to this Kansas City meeting? A. Yes, sir.

Q.110. Was there any discussion there in Chicago before you went to Kansas City on this occasion or on the way down regarding this money or any money that was to be paid on this compromise? A. My memory is not clear on that, Judge. I have been asked that several times and I do not just recall any connection between those dates.

Q.111. Well, I am getting the time now that you went to Chicago and you went with Mr. Street and Parker, and so on.

Mr. Bullitt: You said to Chicago, didn't you?

Judge Henson: He went to Chicago and then accompanied them down to Kansas City.

Mr. Bullitt: I know, but you said went with them to Chicago. Read the question. (Question read.)

Judge Henson: I will stand corrected.

Mr. Bullitt: I just didn't want to get anything wrong. You see, he didn't go with Mr. Street and Mr. Parker. You see what I mean?

The Special Master: Start over again.

Q.112. (By Judge Henson) I was trying to recall the incident. Now, I mean the trip to Chicago in which you accompanied Mr. Street and at least some of the party to Kansas City. State how that trip was made, whether by plane, auto— A. (Interrupting) By train.

Q.113. Were you all on the same train? A. Yes, sir.

Q.114. And who do you recall as being on the train? Would that be Mr. Parker and Mr. Street, Folonie and yourself? A. Yes, sir, that is all I can recall.

Q.115. You don't recall any others? A. No.

Q.116. Now, before leaving Chicago, or on the way to Kansas City, I believe you say you don't recall anything being said about this fund or any discussion about it? A. No, I do not, Judge.

Q.117. What time did you reach Kansas City, if you can recall whether it was morning or evening? A. It was in the morning, something after eight o'clock because we had our breakfast on the train.

Q.118. How soon after arriving in Kansas City was the meeting held? A. I think within an hour or so.

Q.119. Was that in one of the rooms of the Muehlebach Hotel? A. Yes, sir.

Q.120. I will get you to state as near as you can what the discussion was there at that meeting? A. Well, I do not remember how the meeting was started, but Mr. Street made his usual long explanation of the litigation and stated that he was very anxious, if some sort of an agreement could be reached, to dispose of it, and I think Mr. Barker and Mr. Folonie and Mr. Street and Mr. O'Malley, they were the ones that exchanged conversation. They discussed the matter fully because they were familiar with it. I knew nothing about the details of the litigation in any manner.

Q.121. State whether or not Mr. Street did a great deal of the talking. A. Considerable, yes.

Q.122. Well, could you give in percentages what part, what percentage of the conversation that was by Mr. Street, or have you any impression of that kind? A. Well, there were seven or eight or nine people in the room and everybody was talking at different times.

Q.123. All right, that is— A. (Interrupting) It was kind of a town hall meeting.

Q.124. There has been some testimony that Mr. Street usually did a lot of talking. Well, state now what the negotiations were at that Kansas City meeting, whether or not there was any discussion about any distributions to the policyholders and the companies, and this and that, so far as you can tell. A. Well, Mr. Street was insistent upon all of the money on the theory that the experience of the companies would show that they were entitled to the money, and I think he made some statement to the effect that the Masters or the Referees or whatever their legal title may be, in both the federal and the state cases, had indicated that the insurance companies were entitled to practically all of the money. I think there was some deviation in certain instances.

Q.125. Individual companies? A. I don't know whether individual companies, but in certain conditions, but in his opinion if the Courts adopted the Referee's report, that the insurance companies would receive all of the money. Now, that is my recollection. I never have seen either the Master's reports or anything about it. In fact, I know nothing about the details of the litigation in any way at all.

Q.126. Did Mr. O'Malley participate in that conference? A. Yes, sir, he did.

Q.127. Did Mr. Barker participate? A. Yes, sir, he did.

Q.128. What, if anything, did Mr. O'Malley say that you can now recall regarding the suggestion that the Master's report had been favorable, and so on, as you had outlined? A. Of course, Mr. Barker would take the position that they could file certain objections that would upset the Master's report, and Mr. Folonie, on the other hand, said he could answer the objection that would sustain the Master's report, and just one of those usual discussions in which everybody gave their own opinion and everybody felt they were right.

Q.129. How long did that meeting last, as you recall? A. Oh, it lasted until late in the afternoon, five or five-thirty, something like that.

Q.130. State whether or not you recall any persons leaving the room for any considerable length of time. A. Well, I think almost everyone left at different intervals, in and out, all of the time.

Q.131. State whether you recall if Mr. Street requested anyone to leave the room and remain out while the negotiations continued. A. Well, I have no recollection of that.

Q.132. You don't remember any request, at least? A. No, sir.

Q.133. Do you recall whether Mr. Folonie and Mr. Parker were out of the room for two hours, at least, in the afternoon and were off in another room? I am just asking your best memory. A. Well, it is my best recollection that they were, Judge, and I was with them. We were sitting in an adjoining room.

Q.134. State whether or not you went in and out of that meeting all day long as you pleased. A. Yes, sir, I did.

Q.135. State whether or not anyone requested you to leave the room at any time. A. I have no recollection that they did.

Q.136. State whether or not anything was said in that meeting about the payment of $500,000.00 or $750,000.00 for the settlement. A. No, sir, nothing whatever.

Q.137. State whether or not anyone reported that $50,000.00 had been delivered by you to Mr. Pendergast prior to that? A. I do not think so.

Q.138. What do you recall as to whether an agreement was reached late in the day at that time? A. It is my recollection that they—I think it was Mr. Street announced that they had reached a settlement, reached an agreement, and they were going to recess for dinner and meet again after dinner.

Q.139. By "dinner" what meal do you mean, the evening meal? A. The evening meal, yes.

Q.140. All right, go right ahead. A. Well, that is—

Q.141. (Interrupting) Did you attend the meeting after the dinner? A. Well, yes, it was more or less kind of a summation of what they had discussed during the day and the attorneys were present and they were instructed to draw up the necessary agreements.

Q.142. For what, settlement? A. Settlement.

Q.143. Settlement of the rate controversy? A. Yes, sir.

Q.144. The sixteen and two-thirds rate controversy? A. Yes.

Q.145. For both state and federal courts? A. Well, I presume it was for the whole matter, yes, sir.

Q.146. Who was present at the meeting there after dinner, as you recall? A. Well, I think the same group.

Q.147. Do you know where Mr. Street went after that meeting? A. Well, it is my recollection he returned to Chicago.

Q.148. Do you recall whether or not Mr. Folonie remained in Kansas City? A. I do not know, Judge, because I returned to St. Louis that evening.

Q.149. I understand then the attorneys had the instructions about how to draw the settlement before you left, but you didn't remain there until it was put in writing? A. That is right.

Q.150. And I assume then that you never saw it signed? A. Never did, no, sir.

Q.151. And weren't back there when it was drawn and signed? A. No, sir, I was not.

Q.152. Up to that time had you in any further conversations with Mr. O'Malley— A. (Interrupting) With reference to what, Judge?

Q.153. Did you discuss with Mr. O'Malley this $50,000.00 that you had taken to Mr. Pendergast? A. Where do you mean, at the meeting?

Q.154. Well, the side rooms or anywhere around? A. Not that day, no, sir; I didn't take any money to Mr. Pendergast that day.

Q.155. No, you had about five days before that? A. Yes, sir.

Q.156. In that interim of five days state whether or not you advised Mr. O'Malley that you had made this delivery of money to Pendergast. A. It is my recollection that I did, yes, sir.

Q.157. Did you tell Mr. O'Malley how much it was? A. I think I did, yes.

Q.158. So that Mr. O'Malley knew that that amount of money had been delivered to Mr. Pendergast before the contract was entered into? A. Yes, sir.

Q.159. State whether or not you later went to Chicago to Mr. Street's office. I refer to a time that another $50,000.00 was paid. A. Yes, sir.

Q.160. How did it come about that you went up to Chicago on that errand? A. I think Mr. Street telephoned me.

Q.161. And what did he say? A. Well, he wanted to know if I would take this over to Mr. Pendergast, showing me the money.

Q.162. Just on the telephone conversation? A. No, he just asked me to come to Chicago.

Q.163. How soon after that did you go to Chicago? A. Well, it might have been the same night, Judge. I imagine it was, or within a day, anyhow.

Mr. Bullitt: You haven't fixed the time when that was, though.

Q.164. (By Judge Henson) When, with reference to this meeting at the Muehlebach Hotel, about how many days was that after that? A. Judge, I can't recall just when that was. I have been asked that question before. I don't just remember.

Q.165. It wasn't very many days, was it, not over a week, was it? A. I would not think so.

Q.166. Now, you went to Chicago pursuant to Mr. Street's request? A. Yes, sir.

Q.167. And where did you go when you got to Chicago? A. Went to his office.

Q.168. Mr. Street's office? A. Yes, sir.

Q.169. What occurred there between you and Mr. Street on that occasion? A. Well, he asked me if I would take this money over to Mr. Pendergast, and I told him I would.

Q.170. How much money was it? A. I think $50,000.00.

The Special Master: Another $50,000.00?

A. Yes, another $50,000.00.

Q.171. (By Judge Henson) Did you agree to take it? A. Yes, sir.

Q.172. State whether or not Mr. Street gave you $50,000.00 to take to Mr. Pendergast on that occasion. A. He did.

Q.173. When did you go to Kansas City with that money from Chicago? I assume you went from Chicago straight to Kansas City. A. I think that same day, that same afternoon or that same night. I do not recall.

Q.174. Do you recall where you met Mr. Pendergast on that occasion? A. At his office, the same place as before.

Q.175. When you met Mr. Pendergast there, state whether or not he knew you were coming, if it is within your knowledge. I don't know whether it is or not. A. I do not recall, Judge.

Q.176. You went, however, to the same office where the other $50,000.00 had been delivered? A. Correct.

Q.177. Who did you find there, that is to say, was Mr. Pendergast there? A. Yes, sir, he was.

Q.178. And the same man to whom you made the other delivery? A. That is right.

Q.179. What did you do then with this second $50,000.00? State whether or not you delivered that to Mr. Pendergast. A. Yes, sir, I did.

Q.180. What did he do with that money? A. Well, he took $5,000.00 of that money.

Q.181. State whether he asked you to deliver as much as $22,500.00 to Mr. O'Malley? A. Yes, sir, he did.

Q.182. And I will get you to state whether you did deliver that much money to Mr. O'Malley from the hand of Mr. Pendergast. A. I did over several different dates.

The Special Master: Explain that, if you can.

A. Well, Mr. O'Malley was in St. Louis at the time, and I brought the money here to St. Louis, and Mr.

O'Malley had no place to keep the money and I kept it for him and gave it to him as he asked for it.

The Special Master: How many different deliveries did you make, as near as you know?

A. Well, eight or nine, seven, eight or nine. I do not recall.

The Special Master: Right here in St. Louis?

A. Yes, sir.

The Special Master: Those deliveries, before you finally delivered the entire amount, how much space did that take up, space of time?

A. Oh, I imagine four or five months, would be my recollection.

The Special Master: Before he drew it all?

A. Maybe not that long a period.

The Special Master: All right.

Q.183. (By Judge Henson) State with reference to the time Mr. Pendergast gave you the $22,500.00, with reference to that time how soon did you advise Mr. O'Malley, if you did advise Mr. O'Malley, that you had the money? A. Well, I arrived in St. Louis the next morning, and I immediately went to the Coronado Hotel and offered Mr. O'Malley all of the money that Mr. Pendergast had sent down.

The Special Master: Judge Henson asked you if it was as much as $22,500.00. Do you know how much it was?

A. Yes, sir, it was $22,500.00.

Q.184. (By Judge Henson) All right, now, what occurred when you went to the Coronado Hotel, in discussion there with Mr. O'Malley? A. My recollection is Mr. O'Malley said he had no place to keep it and wanted to know if I would keep it for him.

Q.185. What was the arrangement, if any, that was made there? A. I agreed to do it for him, and I did.

Q.186. Where did you keep it? A. In my safe deposit box.

Q.187. You didn't make a deposit of that money in the bank? A. No, sir, I did not.

Q.188. How was it delivered to him, just a little more? A. Well, at various intervals when he requested it.

Q.189. About what sums would he request at a time? A. $500.00 or $1,000.00 or $2,000.00, different amounts.

Q.190. With reference to his request, state whether or not you always complied with his request. A. I did, yes, sir.

Q.191. By that I mean if he asked for $1,000.00, $1,000.00 is what you gave him? A. Yes, sir.

Q.192. If he asked for $2,000.00, that is what you gave him? A. Yes, sir.

Q.193. State if you finally, over the period that you estimated there, I believe you said four or five months, made the full delivery of the $22,500.00. A. I did, yes, sir.

Q.194. And those deliveries were made to Mr. O'Malley himself? A. That is right.

Q.195. Not to any of the family or his clerks or anyone else? A. No, sir.

Q.196. Now, this $50,000.00 that you are talking about—

The Special Master: He has talked about two $50,000.00 amounts.

Q.197. (By Judge Henson) I will say both of them. In both of these $50,000.00 it was lawful money of the United States, wasn't it? A. Very good money, yes, sir.

The Special Master: What shape?

A. Currency, paper.

The Special Master: You don't mean coins.

A. No, sir, currency.

Q.198. (By Judge Henson) Now, this $22,500.00 that you spoke of a while ago, state whether or not you saw that that was a part of the identical currency that you had carried down to Mr. Pendergast. A. It was, yes, sir.

The Special Master: I don't understand. I either misunderstood you or the answer is not complete, or something. Did I understand you to say when you delivered the second $50,000.00 to Mr. Pendergast that he kept $5,000.00 of it? A. Yes, sir.

The Special Master: And that he asked you to deliver, and from time to time you did deliver $22,500.00 to Mr. O'Malley?

A. Yes, sir.

The Special Master: You mean R. Emmet O'Malley, the Superintendent of Insurance, I suppose?

A. Yes, sir.

The Special Master: What became of the rest of the money?

Mr. Carroll: Mr. Commissioner, I want to object at this time on the ground that what may have become of the other would not be pertinent or relevant to this hearing, and I have heretofore instructed the witness as to what position he is to take if he is asked that question.

The Special Master: What is the objection?

Mr. Carroll: The objection is on the ground that the answer to that might tend to incriminate him.

The Special Master: That will be sustained. Go ahead.

Q.199. (By Judge Henson) All right. As you gave the money to O'Malley what conversations, if any, do you recall that you would have with him about it? A. The only conversation I recall, Judge, I said to Mr. O'Malley, "Mr. Pendergast asked me to give this to you."

The Special Master: How long was it when you made the offer to give it all to him after you had made the delivery to Mr. Pendergast?

A. The very next morning.

The Special Master: You went straight from Kansas City back to St. Louis and Mr. O'Malley was in St. Louis?

A. That is correct.

The Special Master: All right.

Q.200. (By Judge Henson) Now, I don't know what conversations, if any, you may have had with Mr. O'Malley after the completion of that delivery that you have already testified about between that time and the incidents of March, 1936. Do you recall any other conversations with Mr. O'Malley that you haven't already given regarding the settlement or the pay, prior to the time Mr. O'Malley got some more money? A. I don't recall any specific conversation, Judge, no.

Q.201. Now, then, getting around at sometime shortly after February 1, 1936, assuming that the Court made an order of distribution on that date—you wouldn't know that, but that has been testified to—assuming February 1, 1936, that order was made, about how long after that, if you remember, was it that you were called to Chicago again by Mr. Street? A. Well, I can't recall how long it was, Judge, but I was called to Chicago by Mr. Street.

Q.202. How did he call you on that occasion? A. I think by telephone.

Q.203. State when you went to Chicago then with reference to the time he called you. A. Well, I think within a day or so.

Q.204. And where did you meet Mr. Street on that occasion? A. At his office.

The Special Master: When was that? I didn't quite get that.

Mr. Bullitt: He said he didn't know, but sometime after February 1, 1936. He couldn't tell how long it was, but it was sometime.

The Special Master: Then I didn't miss anything.

Q.205. (By Judge Henson) Then it was in the spring of 1936. You don't recall that it was April 1st, do you? A. I do not recall the date.

Q.206. Is that about the correct date? A. I would think so, yes.

Q.207. Now, state what occurred between you and Mr. Street on that occasion. A. Well, Mr. Street had told me previous to that time that he was arranging to get some more money and that when he got it he would let me know, and he did let me know and I went up there and saw him.

Q.208. All right, on this occasion that you went there and saw Mr. Street, what did he say? What request, if any, did he make of you? A. Well, he asked me to take some money over to Mr. Pendergast.

Q.209. Did he indicate how much it was? A. Yes, sir.

Q.210. How much was it? A. $330,000.00.

Q.211. State whether or not Mr. Street gave you that amount of money on that occasion? A. He did.

The Special Master: What shape was it?

A. Currency.

The Special Master: You mean bills?

A. Yes, sir.

The Special Master: Paper money?

A. Yes, sir.

Q.212. (By Judge Henson) You mean lawful money of the United States? A. Yes, sir.

Q.213. How did you carry that to Kansas City, if you did carry it to Kansas City? A. In a Gladstone case.

Q.214. Well, did you go to Kansas City with it? A. Yes, sir.

Q.215. Do you recall how you went to Kansas City? A. By train.

Q.216. Whom did you see when you reached Kansas City? A. Mr. Pendergast.

Q.217. The same Mr. Pendergast that you have been testifying about? A. Yes, sir.

Q.218. State whether or not you delivered this $330,000.00 to Mr. Pendergast. A. I did.

Q.219. And if so, where? A. At his home.

Q.220. At Mr. Pendergast's home? A. Yes, sir.

Q.221. State what Mr. Pendergast did when you delivered the money to him. A. He counted the money and retained $250,000.00 of it.

Q.222. State whether or not he sent any part of that fund by you to be delivered to Mr. O'Malley, the Superintendent of Insurance? A. He did, yes, sir.

Q.223. How much was it that he sent? A. $40,000.00.

Q.224. And state the circumstances under which you made the delivery of that money, if you did make it to Mr. O'Malley. A. I delivered that to him here in St. Louis.

Q.225. State whether or not you and Mr. O'Malley met by previous arrangement or what you did with the money while Mr. O'Malley was coming or what you can recall about it. A. It is my recollection that Mr. O'Malley was some place in the East and he wired me he would be in St. Louis on a certain train and I met him at the Union Station, upon his arrival.

Q.226. Did you have that money on you at the time? A. No, sir, I did not.

Q.227. Where was it? A. In the safe deposit box.

Q.228. I refer to the $40,000.00. A. Yes, sir.

Q.229. That was in your safety deposit box? A. Yes, sir.

Q.230. Did you meet the train? A. Yes, sir.

Q.231. State what was done next. A. He asked me if I would get the money for him and I said gladly, and I drove down to the bank and got the money out of the safe deposit box and drove out to the Coronado Hotel and handed it to him in his room at the hotel.

Q.232. State whether or not you both went to the bank where you had your box. A. No, sir, I went by myself.

Q.233. He didn't come downtown with you? A. Yes, sir, he did. He was in my car.

Q.234. And you went into the box alone? A. That is right.

Q.235. And you came back. Did you get in the same car to drive to the Coronado? A. That is right.

Q.236. Out at the Coronado Hotel you delivered the $40,000.00 to Mr. O'Malley? A. Correct.

Q.237. That was a part of this same $330,000.00 that you mentioned a while ago? A. Yes, sir.

Q.238. State anything else that you can think of, if there was anything that Mr. Street said at the time you met him at the train.

Mr. Murphy: Mr. O'Malley.

Judge Henson: Yes, Mr. O'Malley, thank you.

Q.239. From the time you met him at the train, went down to the bank and from the bank to the Coronado and at the Coronado, anything, I mean, with reference to the money or the pay-off or anything of that sort.

The Special Master: The settlement.

Q.240. (By Judge Henson) The settlement of the case, if you can recall anything. A. I don't recall anything, Judge, of the conversation.

Q.241. How long was it after you reached the Coronado Hotel until you made this delivery, the $40,000.00? A. Oh, a minute or two, I think, a few minutes.

Q.242. I suppose he had to register and be assigned a room? A. Oh, yes, I thought you were referring to his room.

Q.243. Oh, yes. Did you go up to the room with the bellhop and all, with the baggage and Mrs. O'Malley? A. Yes, sir.

Q.244. Was Mrs. O'Malley along? A. Yes, she was on that trip. She was in the car.

Q.245. Did she make the rounds down to the bank with you and all? A. Yes, sir.

Q.246. And out to the Coronado? A. Yes, sir.

Q.247. Was she in the room when you delivered this to Mr. O'Malley? A. My memory is not clear. I do not just recall. They had a suite of rooms and whether she was there or not, I am just not clear on that.

Q.248. Do you recall how it happened that O'Malley wired you that he would be through here at this particular time? A. No, I do not.

Q.249. Had you told him by any other means that you had this money for him? A. Oh, I had advised him sometime previously. I don't know how long I had it for him.

Q.250. He knew that you had the money when he wired you? A. Yes, sir.

Q.251. That he was coming through St. Louis? A. Yes, sir.

Q.252. Do you happen to know—I don't know whether you did or not—if he had any other business in stopping over in St. Louis on that occasion? A. Really I do not remember.

Q.253. On that occasion state whether or not he accepted the money and kept it. A. He did.

The Special Master: What did he do with it, Mr. McCormack?

A. I do not know.

The Special Master: You misunderstood. I don't want to know how he invested or how he spent it, but when you handed it to him, what did he do; where did he put it? Do you understand what I mean?

A. Yes, I understand what you mean. It is my recollection he put it in his suitcase, or something like that.

The Special Master: I am only trying to talk about what happened at the time. I am not trying—

A. (Interrupting) It is my recollection he put it in his suitcase.

Q.254. (By Judge Henson) Now, I would like to get to an occasion when Mr. Pendergast was sick and if there was another delivery of $10,000.00 to Mr. Pendergast. A. Yes, sir.

Q.255. Well, with reference to the last delivery that you just testified about, about how long was this after that, that this $10,000.00 delivery was made? A. It is my recollection it was about six months.

Q.256. What was the occasion of that? Who advised you of Mr. Pendergast's sickness and state all that was said? A. Mr. O'Malley was in St. Louis one day and he asked me if I would go to Chicago and see if Mr. Street would give him $10,000.00. He wanted to give it to Mr. Pendergast, who was ill in the hospital at Kansas City.

Q.257. Is that about all he said? A. I think that is all he said, yes, sir.

Q.258. Well, what did you do? A. I went to Chicago and conveyed that message to Mr. Street.

Q.259. State whether or not you immediately got the money. A. No, I did not.

Q.260. What did Mr. Street say? A. He said he would get it and send it to me or have me come up and get it.

Q.261. Then what did you do? A. Well, I returned to St. Louis and advised Mr. O'Malley as soon as I heard from Mr. Street I would let him know.

Q.262. How did you advise Mr. O'Malley? A. I do not recall, Judge, whether by telephone or whether he was here. I do not remember.

Q.263. Are you reasonably certain you didn't write him a letter? A. No, sir, I wrote no letters.

Q.264. In none of this you have been detailing here have you covered by correspondence with anyone? A. No, sir.

Q.265. When you advised Mr. O'Malley, what, if anything, did he say? I don't know whether he said anything or not. A. I have no recollection of that.

Q.266. When did you next hear of this $10,000.00? A. I was notified by a local bank here in St. Louis that there was $10,000.00 there for me, sent down from Chicago.

Q.267. From whom? A. Well, I think I received a note from Mr. Street, a little pencil memorandum that he was sending $10,000.00 through the bank transmitting it through the bank.

Q.268. State whether or not it stated the bank so you would know where to go to get it. A. I don't think it did. I think he just transmitted it through their bank and he didn't know who their correspondent was in St. Louis.

Q.269. How did you find out about it? A. The local bank notified me they had the money; they called me on the telephone.

Q.270. After you were notified of that money, what did you do? A. I went over and got it.

Q.271. In what form did you get it? A. Currency.

Q.272. Currency? A. Yes, sir.

Q.273. Lawful money of the United States? A. Yes, sir.

Q.274. That was $10,000.00? A. That is right.

Q.275. What did you do with that money? A. I took it over to Kansas City and gave it to Mr. Pendergast in the Menorah Hospital.

Q.276. At his bedside? A. Yes, sir.

Q.277. State whether or not he was confined in the Menorah Hospital at that time. A. Yes, sir, he was.

Q.278. What did Mr. Pendergast do with this $10,000.00 if you know? A. I have no recollection.

Q.279. You don't know whether he put it under his pillow or what he did? A. I don't remember what he did.

Q.280. Was anyone in the room at the time of that delivery? A. No, sir.

Q.281. What, if anything, did Mr. Pendergast say, if he said anything then, about obtaining any other money? What discussion did you have, if any? A. I don't recall any at that time, Judge. I was instructed by a nurse to only stay in there a half minute or a minute. I don't recall how long it was.

Q.282. State whether or not you and Mr. Pendergast after that had any discussion about the amount agreed to be paid on this settlement? I mean by that, delinquencies. You see, you have accounted for $440,000.00 here. Did Mr. Pendergast ever say anything to you further about the other payments? A. No, sir, he did not.

Q.283. Did Mr. O'Malley? A. No, sir.

The Special Master: Let me ask you, you started your testimony by stating Mr. O'Malley first got in contact with you and asked if you thought the insurance companies would like to settle the case, and suggested that you tell Mr. Street to get in contact with Mr. Pendergast. Those are not your exact words, but you remember what I am talking about?

A. Yes, sir.

The Special Master: Then from then on you haven't mentioned a single conversation you ever had with Mr. O'Malley, as I remember it, up until the time that the meeting was held in Kansas City where everybody met to try to draw up the settlement. Did you not see him during all of that time?

A. Oh, yes.

The Special Master: Did you never speak to him about the settlement or whether it was going forward or anything about it at all?

A. I might have asked him how things were progressing from time to time, but I never had any special meeting with him on the thing. I might have asked him how things were getting along, or something like that.

The Special Master: What occurred to me, you were in the insurance business. He was the Superintendent of Insurance. You probably saw him from time to time.

A. Yes, sir, very frequently.

The Special Master: Did any discussion ever come up about it?

A. It possibly did, Mr. Barnett.

The Special Master: Did he ever ask you as to whether or not Mr. Street had seen Mr. Pendergast? Did you ever communicate to him the fact?

A. It is my recollection that I did, yes, sir; he certainly knew it.

The Special Master: Your recollection is you told him, yes, the conference had taken place?

A. Yes, sir.

The Special Master: Did he ask you about the terms of it or anything of the kind?

A. Well, I do not recall that, but it is possible that he did.

The Special Master: You don't know whether he did or not?

A. No, I have no recollection of it.

The Special Master: Did he show any curiosity about what went on at the meeting, as to whether they had been able to come to terms or not?

A. Yes, I think I advised Mr. O'Malley. Now, I don't know whether I advised him, but I am certain he knew.

The Special Master: What makes you think so?

A. I would naturally presume that he did. Now, whether I advised him of it, I probably did. I might have discussed the matter with him. He might have asked me what happened. I do not recall definitely any conversation along that line.

The Special Master: You don't remember whether he showed any curiosity about whether or not they had come to any understanding or not?

A. I don't recall that specific point.

The Special Master: You don't remember any particular conversation that you had with Mr. O'Malley about any of this matter from the time that he suggested that you tell Mr. Street to see Mr. Pendergast, and the time that you all met in Kansas City when they were getting up the terms of the settlement?

A. Well, I have no recollection, but in all probabilities they did, but I just do not recall it.

Q.284. (By Judge Henson) I thought you testified earlier that you had told Mr. O'Malley about the $50,000.00 being delivered to Mr. Pendergast. A. I did that.

The Special Master: Yes, that is true. But I am trying to find out, there was quite an interval there he was meeting Mr. O'Malley from time to time. He

says that he doesn't recall, that he might have done it, but he doesn't recall.

Q.285. (By Judge Henson) Now, Mr. McCormack, going back to the first meeting with you and Mr. O'Malley, state whether or not it is a fact that Mr. O'Malley asked you if anyone would be willing to pay anything for the compromise, if that was not omitted by you when you testified earlier? A. I do not recall any specific statement about anybody paying anything, but the natural presumption was there, I would think.

Q.286. All right. Do you recall any discussion then about this balance after all of the funds you have testified about here this morning, the balance due on that being discussed in your presence or with you by Mr. Pendergast or Mr. O'Malley? A. No, but I think it was kind of a general understanding. I don't think there was any specific agreement that the balance would be paid when the state cases were disposed of.

Q.287. There is only one other thing that I think of now.

The Special Master: What makes you think that was the general understanding, Mr. McCormack?

A. Well, the reason (this is simply my opinion), Mr. Barnett, that it was on a percentage basis, more or less. I think that the attorneys were paid on a percentage basis, and some expenses that they refer to, they were all more or less distributed on a percentage basis of the total.

The Special Master: Was there anything in the conversation, the original conversation between Mr. Pendergast and Mr. Street, that led you to believe that they were getting it this way?

A. No, sir.

The Special Master: That is just an impression that you had?

A. Yes, sir, that is right.

Q.288. (By Judge Henson) The only other thing that I can think of now that I want to ask you is whether or not you recall if the statement was made by Mr. O'Malley that the compromise would have to be satisfactory to Mr. Pendergast or submitted to him, or words to that effect? A. I don't recall that specific statement.

Q.289. What do you recall about it, anything about the settlement being agreeable to Mr. Pendergast? A. Well, I think Mr. O'Malley's statement was that if Mr.

Street and Mr. Pendergast could come to an understanding, that the settlement could probably be brought about.

The Special Master: That was in this first conversation you are talking about?

A. That is right.

Judge Henson: Take the witness.

Mr. Murphy: No questions.

Mr. Bullitt: May we have a few minutes?

(Whereupon, a short recess was taken, after which the following further proceedings were had:)

Mr. Bullitt: We do not want to ask him any questions.

The Special Master: Let me be just sure that I understand Mr. McCormack. As I understand, you received a total of $440,000.00 from Mr. Street: $330,000.00, $50,000.00, $50,000.00 and $10,000.00; is that right?

A. $330,000.00, $50,000.00, $50,000.00 and $10,000.00; that is right.

The Special Master: And of that you delivered a total of $67,500.00 to Mr. O'Malley?

A. $62,500.00: $22,500.00 and $40,000.00.

The Special Master: That is what I am trying to straighten out. I didn't know whether you said $27,500.00 or $22,500.00.

A. $22,500.00.

The Special Master: That is all I am trying to get straight. That is all.

Judge Henson: That is all, your Honor.

(Witness excused.)

The Special Master: Meet September 7th at the Muehlebach Hotel.

Whereupon, the further taking of testimony in said case was adjourned to Thursday, September 7, 1939, at the Muehlebach Hotel, Kansas City, Missouri.

MORNING SESSION, THURSDAY, SEPTEMBER 7, 1939.

Pursuant to adjournment as aforesaid, at ten o'clock a. m. of said Thursday, September 7, 1939, at the Muehlebach Hotel, in Kansas City, Missouri, came again the same parties, present and presiding as before, and the taking of testimony continued as follows:

Mr. Douglas Hudson of Fort Scott, Kansas, was also present, representing the Western Fire Insurance Company.

RAY B. DUBOC, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Mr. Holman.

Q.1. State your name, please. A. Ray B. Duboc.

Q.2. With what insurance company are you connected? A. The Western Fire Insurance Company.

Q.3. What is your official capacity with that company? A. I am the president.

Q.4. Where is it located? A. Fort Scott, Kansas.

The Special Master: That is where you live, is it?

A. I live in Kansas City.

The Special Master: Oh, you live in Kansas City, Missouri?

A. That is right.

The Special Master: All right.

Q.5. Your company has had a suit pending since 1930 in the Federal Court in Kansas City? A. We have.

Q.6. That suit relates to rates or a rate controversy here in Missouri? A. Yes.

Q.7. Similar to the suit pending in relation to the same matters by some 136 other companies? A. That is right.

Q.8. Who is your counsel in that case, legal counsel? A. Mr. Douglas Hudson of Fort Scott, and Mr. Chester of Kansas City, Missouri.

Q.9. They are the only attorneys representing your company in that case at this time? A. At the present time, yes.

Q.10. Were there other attorneys representing your company in 1935? A. Yes, sir.

Q.11. Who were they? A. Mr. Folonie of Chicago and his associates.

Q.12. Mr. Berger in Kansas City? A. That is right.

Q.13. And others. Now, is your company a subscriber of or a member of the Subscribers' Actuarial Bureau? A. It is.

Q.14. Or Subscribers' Actuarial Committee? A. Yes.

Q.15. Its headquarters being in Chicago? A. Yes.

Q.16. Is your company a member or subscriber of the Missouri Inspection Bureau? A. It is.

Q.17. Now, you had knowledge of this Missouri litigation, as we call it, pending in the Federal Court since 1930? A. General knowledge, yes.

Q.18. Who handled that litigation on behalf of your company? What person associated with the company had charge of that? A. I did.

Q.19. And you, of course, knew that the Subscribers' Actuarial Committee, of which Mr. Street was chairman, represented all of the companies in connection with that litigation? A. That is right.

Q.20. And you made no objection to that on behalf of your company? A. No.

Q.21. From time to time it was necessary to pay certain expenses in connection with that litigation, was it not? A. That is right.

Q.22. And was that paid through the assessments of the Missouri Inspection Bureau? A. Yes.

Q.23. Your company paid their particular assessments? A. That is right.

Q.24. And you knew that was to cover the expenses of this litigation, among other things? A. That is right.

Q.25. When did you first learn of the settlement or proposed settlement of these cases, including your case? A. Through the newspaper.

Q.26. And when was that, as nearly as you can recall? A. I have no record of the date.

Q.27. May, 1935? A. In 1935, in the early part of the year.

Q.28. And did the newspapers purport to give the terms of the settlement? A. They did.

Q.29. As you recall. Then shortly after June 12, 1935, did your company receive a circular letter from the Subscribers' Actuarial Committee, telling of the settlement and enclosing a printed circular giving the terms thereof? A. I haven't found any such letter in our files. We may have received it.

Q.30. Do you have any recollection of having received it? A. The only record I could find in my files was the letter from the Missouri Inspection Bureau dated November 18, 1935. I presume we received an earlier letter, and if so, it has been misplaced and I couldn't find it.

Q.31. To refresh your recollection, I will state that letter was addressed to all agents, but I understand was sent to all companies also? A. I can't find a copy of it in the files.

Q.32. Did you receive a letter from, I believe, the Missouri Inspection Bureau in February, 1936, setting out the details of the decree which was rendered by the Court? That may have been the Subscribers' Actuarial

Committee, one or the other? A. I couldn't find that either.

Q.33. Do you have any recollection of having such a letter? A. I think we did.

Q.34. Then from May, 1935, on, you were familiar with the terms of the settlement agreement which was later in effect incorporated in the federal decree? A. I was.

(A photostatic copy of a check and a copy of a letter, handed to the reporter, were marked for identification as "Defendants' Exhibits 302 and 303, EFM.")

Q.35. Mr. Duboc, I will hand you Defendants' Exhibit 302, and ask you if that is a photostatic copy of a check issued by your company payable to C. R. Street, Agent? A. It is.

Q.36. I will hand you Defendants' Exhibit 303—both of these exhibits I now offer in evidence—and ask you if Exhibit 303 is a copy of a copy of a letter you received from Mr. Street. A. It is.

(Which said Defendants' Exhibits 302 and 303, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

A

THE WESTERN FIRE INSURANCE COMPANY No. 8029

IN PAYMENT OF

FORT SCOTT, KANSAS APR 1936

PAY TO THE ORDER OF C. R. STREET, AGENT $ 1,693.63

The Western $1693.63

TO THE
Citizens National Bank,
83-56 Fort Scott, Kansas

E. L. Thomas
SECRETARY

W. L. Thomas
AUDITOR

FOR DEPOSIT ONLY
CITY NATIONAL BANK
AND TRUST COMPANY
OF CHICAGO

WESTERN DEPARTMENT
38 SOUTH MICHIGAN AVENUE
POST OFFICE BOX 750
CHICAGO

Great American Insurance Company New York

C R STREET
VICE PRESIDENT

G D GREGORY
SECRETARY

CHICAGO March 30, 1936.

3393.74

3393.74
11.98
3732.60

Dear Mr. Dubee:

I enclose check for $3732.60, which is 11% of the amount of your impounded premiums in Missouri as of May 1st.

Will you please let me have your check for $1696.63, being 5% of your impoundments of $33,932.74 - expenses.

Make your check to C. R. Street, Agent, and send to me under personal cover, just as has been done by all others.

Hope to see you at the meeting next month, when a full statement on this situation will be made.

Yours very truly,

C R Street

B

Mr. Ray B. Dubee, President,
Western Fire Insurance Company,
Fort Scott, Kas.

3393.74
11
3393.74
3393.74
3732.60

3393.74
1696.63

APR 2 - 1936
INSURANCE COMPANIES

CK #8029
4-2-36 $
chg a/c 414 (Mo. Imp. Insurance)

Q.37. Now, will you detail to the Court, please, the circumstances surrounding the issuance of this check to Mr. Street? A. It was issued in accordance with the request contained in his letter.

Q.38. You had no other request than that contained in the letter? A. None other.

Q.39. Did you consult anyone about the issuance of that check? A. I did not.

Q.40. You had no information except that contained in the letter? A. None other whatever. In an examination of the file, I do not find any letter transmitting the check to Mr. Street.

Q.41. Did you write such a letter or communicate with him at the time you transmitted it? A. Well, I don't find any copy of such a letter. I presume there was just a formal transmittal memorandum.

Q.42. Now, I will ask you to state whether or not you knew from May, 1935, on that 30 per cent of the impounded premiums was to be held by Mr. Street and Mr. Folonie as Trustees for the payment of the expenses of this litigation. Did you know that? A. Yes.

Q.43. And didn't it strike you as strange or unusual that Mr. Street would ask you to send him a check for 5 per cent of your impounded premiums when they had money with which to pay these expenses? A. There were so many ramifications to this litigation that we never were able to follow in detail, and we just did as we were told.

Q.44. In other words, you didn't exercise any independent judgment on the matter? A. I didn't have any opportunity to.

Q.45. Well, you are president of your company, are you not? A. Yes, sir.

Q.46. You had a right to determine whether or not you would pay this 5 per cent. A. Well, we had objected previously to assessments, but without any result, and we had just become accustomed to pay what we were told to pay.

Q.47. But was this the type of assessment that had been heretofore levied? A. Not in particular, but there has been no uniformity. They assessed us sometimes one way and sometimes another.

Q.48. Weren't all of the assessments up to this time through the Missouri Inspection Bureau? A. Yes, but they were in a variety of forms. Sometimes they were loaded up in the regular assessments; sometimes there

were special assessments. There was no distinction as between which phases of the litigation they covered. Our company wasn't involved in all of the phases of the litigation, but we were being called upon to pay expenses in phases we were not interested in. We had previously protested without result, and we had just become reconciled to paying our share of the bill without any recourse.

Q.49. The fact remains that all previous assessments had come through the Missouri Inspection Bureau? A. There had been notification, and we figured they were merely the agent of the Subscribers' Bureau, because they had said so.

Q.50. But the Missouri money went through the hands of the Missouri Inspection Bureau? A. Yes.

Q.51. Didn't it strike you as most unusual that Mr. Street desired to collect this money himself as agent, not as trustee but as agent? A. No, it didn't strike me as unusual.

Q.52. You, of course, knew he had been very active in the handling of this litigation? A. He practically handled it exclusively.

Q.53. Now, the last sentence in this letter states the following: "Hope to see you at the meeting next month when a full statement on this situation will be made." I will ask you first, to what meeting did that refer, if you know? A. There was to be a meeting of the Subscribers' Committee at White Sulphur Springs.

Q.54. Were you a member of that committee? A. I am a subscriber.

Q.55. You are a subscriber? A. That is right.

Q.56. That was a meeting of all of the subscribers and not the committee itself? A. That is right.

Q.57. Did you attend that meeting? A. Yes, sir.

Q.58. Did you see Mr. Street? A. I saw him in the crowd.

Q.59. Did you talk with him? A. I did not.

Q.60. All right. He stated in this letter that he hoped to see you and make a full statement of this situation. Didn't you ask him for such a statement? A. No, I did not.

Q.61. Weren't you interested in finding out what this money was for? A. Well, we just felt comforted by the numbers that were so much more interested than we, that we have always let the others take the lead.

We were a small company in a big group, and we never took any active part in the conversations. I never spoke at one of those meetings in my life.

Q.62. You didn't inquire of Mr. Street at all? A. I didn't personally.

Q.63. Did you inquire of anyone else at that meeting? A. I mentioned it to one or two of my friends, and they all said they had paid the same assessment that we had, and I let it go at that.

Q.64. To whom did you talk? A. I think I talked to Mr. Truscott of the Camden. I don't remember anyone else.

Q.65. Did you ask him what this money was for, this assessment, if he knew? A. Yes, I think I did.

Q.66. What did he say to you? A. Well, he said, "That is just part of the expenses and," he said, "I think it is all going to be explained in the final report."

Q.67. All right. Did you talk to anyone else? A. I don't remember anyone else.

Q.68. Did Street publicly address the White Sulphur meeting? A. My recollection is that he did not.

Q.69. If he did do it, you don't recall it? A. I don't recall it.

Q.70. Did you attend any meeting of insurance executives or others where this litigation or the settlement was discussed? A. I never did.

Q.71. Have you detailed to us all you know about this transaction, the matters leading up to and following the settlement? A. As far as I know I have.

Q.72. And all knowledge that you have concerning this settlement and the raising of the money thereafter you have disclosed here? A. I think so.

Q.73. Did you take this matter up with your Board of Directors as to whether or not you would pay this money to Mr. Street? A. No, I did not.

Q.74. Did you report to them afterwards concerning the payment? A. I didn't specify this payment. I reported the total expenses of the litigation.

Q.75. Is there anyone else connected with your company that you have reason to believe has any knowledge concerning this situation? A. I am sure there is not.

Mr. Holman: That is all.

Cross Examination by Mr. Hudson.

XQ.76. Mr. Duboc, you were asked about the various assessments which were paid by you to the Missouri In-

spection Bureau, and were asked if those covered the expense of the litigation. You didn't understand, did you, that they covered all of the expense, but only that they were to apply upon the expense; that is correct, is it? A. That is correct.

XQ.77. You also stated that you had received communications from the Subscribers' Actuarial Committee relative to the assessments being paid by the Missouri Inspection Bureau; that is correct? A. That is correct.

(A file handed to the reporter was marked for identification as "Defendants' Exhibit 304, EFM.")

XQ.78. I call your attention to the third paper of Exhibit 304, and ask you to state what that is. A. It is a letter from the Subscribers Actuarial Committee in Chicago.

XQ.79. Was that letter received by the Western Fire Insurance Company shortly after its date, and on February 10, 1930? A. That is right.

XQ.80. And that is a letter in which the Subscribers Actuarial Committee referred to the assessment being made by the Missouri Inspection Bureau, is that correct? A. That is right.

XQ.81. The Subscribers Actuarial Committee was the Committee of which Mr. Street was the head? A. That is correct.

XQ.82. Now, I note page 1 of this exhibit, and what is page 1 of this exhibit? A. It is a bill from the Missouri Inspection Bureau for the assessment on our fire and tornado premiums in the State of Missouri for the year 1929, payable in 1930.

Judge Henson: I have no objection, only it encumbers the record.

The Special Master: Let me see what it is, the amounts of their assessments, you say?

Judge Henson: Yes, that bill was rendered in 1930.

Mr. Holman: For services rendered before this litigation was begun.

Judge Henson: We have no serious objection unless your Honor feels like it encumbers the record.

The Special Master: I think that is competent.

Judge Henson: All right.

The Special Master: This man has said for a long time he had been assessed and the assessments were not

regular in their amounts, nor for the same thing, and that he is now trying to show the irregularity of the assessments and that he was paying this money for various cases, even before this litigation started. Isn't that what you want to show?

Mr. Hudson: That is right.

The Special Master: I think that is competent; it is overruled.

Mr. Hudson: I offer in evidence this Exhibit 304.

The Special Master: As I understand it, you are offering evidence to support his claim there was no regularity as to the amounts of the assessments or what they were for?

Mr. Hudson: That is right.

(Which said Defendants' Exhibit 304, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

Form No. 29 [illegible] 9-29

St. Louis, Mo., March 4, 1930 19

The Western Fire Insurance Co.,
Fort Scott, Kansas.

"FIRE" CO.
PAID MAR 6 1930
Check No. 13251
DISTRIBUTION
Code No. 476

SECOND REQUEST

To MISSOURI INSPECTION BUREAU Dr.

FIRE INSURANCE RATING

JAMES A. WATERWORTH, PAUL W. TERRY } Managers

1330 PIERCE BUILDING

Quarter ending March 31, 1930

General business	$ 31,664	On basis of 2.25% annual.	Min. $	$ 712 44
Tornado premiums	4,852	On basis of 0.65% annual.		31 54
Farm premiums		On basis of 0.40% annual.		
Automobile premiums		On basis of annual.	Min. $	
			Total	$ 743 98
			For Quarter (¼ of annual charge)	$ 186 00

Increased basis is necessary to defray litigation expenses occasioned by rate orders of the Insurance Commissioner.

Kindly Remit

Ex 304

Form No. F-A 300 2-30

St. Louis, Mo., Feb. 10, 1930 193

The western Insurance Co.,
Fort Scott, Kansas.

To MISSOURI INSPECTION BUREAU Dr.

FIRE INSURANCE RATING

JAMES A. WATERWORTH, PAUL W. TERRY } Managers

1330 PIERCE BUILDING

	Special Assessment - January 1930.			
	½% of General, Farm and Tornado Premiums	$36,516	$ 182	58
	This Special Assessment is to apply on account for Litigation Expense Incurred.			

..FIRE CO.
MAR 6 1930
PAID
Check No. 3763
DISTRIBUTION
No. 476

266

SUBSCRIBERS ACTUARIAL COMMITTEE
222 WEST ADAMS STREET
(P.O.BOX 1089)
CHICAGO, ILL.

RECEIVED
FEB 10 1930
WESTERN INSURANCE
COMPANIES

February 7, 1930.

To Companies:

Missouri Special Assessment to
Defray Litigation Expenses.

In order that we may be in a position to meet the bills which have been received covering the expenses incurred during the year 1929 in connection with the rate litigation in Missouri, we have recommended to the Missouri Inspection Bureau that they levy a special assessment at the rate of one-half of 1% (.005). Bills for this assessment will be sent you this week.

Yours very truly,

SUBSCRIBERS ACTUARIAL COMMITTEE

Form No. 28 3M 3-28

St. Louis, Mo., Sept. 30, 1929 19

The Western Fire Insurance Co.,
Fort Scott, Kansas.

Of-Dfin account with our premiums reported

To MISSOURI INSPECTION BUREAU Dr.

FIRE INSURANCE RATING

JAMES A. WATERWORTH
PAUL W. TERRY } Managers

1330 PIERCE BUILDING

Quarter ending Dec. 31, 1929

General business	$ 31,664	On basis of 2.25% annual.	Min. $	$ 712	44
Tornado premiums	4,852	On basis of 0.65% annual.		31	54
Farm premiums		On basis of 0.40% annual.			
Automobile premiums		On basis of annual.	Min. $		
			Total	$ 743	98
			(¼ of annual charge)	$ 186	00

Increased basis is necessary to defray litigation expenses occasioned by rate orders of the Insurance Commissioner.

"FIRE CO
PAID OCT 30 1929
Check No. 3017
DISTRIBUTION For Quarter
a/c No. 476

2288

Form No. 29 3M 3-29.

St. Louis, Mo., July 1, 1929 19

The Western Fire Insurance Co.
Fort Scott, Kansas.

RECEIVED
JUL 2
WESTERN INSURANCE COMPANIES

269

To MISSOURI INSPECTION BUREAU Dr.

FIRE INSURANCE RATING

JAMES A. WATERWORTH
PAUL W. TERRY } Managers

1330 PIERCE BUILDING

Quarter ending Sept. 30, 1929

General business	$ 31,664	On basis of 2.25% annual.	Min. $	$ 712	44 ✓
Tornado premiums	4,852	On basis of 0.65% annual.		31	54 ✓
Farm premiums		On basis of 0.40% annual.			
Automobile premiums		On basis of annual.	Min. $		
			Total	$ 743	98 ✓
			(1/4 of annual charge)	$ 186	00 ✓

"FIRE" CO.

PAID 7-6-29

Increased basis is necessary to defray litigation expenses occasioned by rate orders of the Insurance Commissioner.

Check No. 2114

DISTRIBUTION

a/c No. 476

Form No. 29 3M

St. Louis, Mo., April 16, 1929 19

FIR

The Western Fire Insurance Co.,
Fort Scott, Kans.

ACCOUNTING APR 17 1929
PAID
No. 1928
DISTRIBUTION

RECEIVED
APR 17
WESTERN INSURANCE COMPANIES

210

To MISSOURI INSPECTION BUREAU Dr.

FIRE INSURANCE RATING

JAMES A. WATERWORTH
PAUL W. TERRY } *Managers*

1330 PIERCE BUILDING

Quarter ending June 30, 1929

General business	$ 31,664	On basis of 2.25% annual.	Min. $	$ 712	44
Tornado premiums	4,852	On basis of 0.65% annual.		31	54
Farm premiums		On basis of 0.40% annual.			
Automobile premiums		On basis of annual.	Min. $		
			Total	$ 743	98
			For Quarter (¼ of annual charge)	$ 186	00

Increased basis is necessary to defray litigation expenses occasioned by rate orders of the Insurance Commissioner.

Form No. 29-BM 1-29

St. Louis, Mo., April 24, 1929 19

The Western Fire Insurance Co.,
Fort Scott, Kans.

RECEIVED
APR 25 1929
WESTERN INSURANCE COMPANIES

"FIRE" C.O.
PAID MAY 6 1929
Check No. 1165
DISTRIBUTION
Ref No. 476

To MISSOURI INSPECTION BUREAU

FIRE INSURANCE RATING

JAMES A. WATERWORTH
PAUL W. TERRY } *Managers*

1330 PIERCE BUILDING

Year ~~Quarter~~ ending March 31, 1930

General business	$	On basis of 2.25% annual.	Min. $	$	
Tornado premiums		On basis of 0.65% annual.			
Farm premiums		On basis of 0.40% annual.			
Automobile premiums	38,816	On basis of .001 annual.	Min. $	38	82
			Total	$ 38	82
~~Increased basis is necessary to defray litigation expenses occasioned by rate orders of the Insurance Commissioner.~~		~~For Quarter (¼ of annual charge)~~		$	

271

272

TO

MISSOURI INSPECTION BUREAU
ST. LOUIS

PREMIUM REPORT

Showing the total premiums without deducting Re-Insurance Ceded or adding Re-Insurance Assumed, received by this Company, either direct, through Associations or otherwise, for all classes of business transacted in the State of MISSOURI for the year 19 28

1.	**GROSS PREMIUMS** on all Direct Business written, without any deductions whatever (Item 5 in Tax Return Schedule)	$ 91.563.72
2.	Deduct **RETURN PREMIUMS** on Direct Business cancelled (Item 7 in Tax Return Schedule)	$ 15.917.81
3.	**GROSS AMOUNT OF DIRECT PREMIUMS** less Return Premiums (all classes) (Item 5 in Tax Return Schedule less Item 7 in Tax Return Schedule)	$ 75.645.91
4.	Premiums on **Tornado** Business (Gross Direct less Return Premiums)	$ 4851.51
5.	Premiums on **Farm** Business (Gross Direct less Return Premiums)	$ -
6.	Premiums on **Automobile** Business (including Fire, Theft, Collision and Property Damage) (Gross Direct less Return Premiums)	$ 39815.61
7.	Premiums on **Sprinkler Leakage** Business (Gross Direct less Return Premiums)	$ -
8.	Premiums on **Hail** Business (Gross Direct less Return Premiums)	$ 279.12
9.	Premiums on **Ocean Marine** Business (Gross Direct less Return Premiums)	$ -
10.	Premiums on **Inland Marine** Business (Gross Direct less Return Premiums)	$ -
11.	Premiums on **Explosion** Business (Gross Direct less Return Premiums)	$ 3.50
12.	Premiums on **Steam Railroad** Business written under General Schedules (Gross Direct less Return Premiums)	$ -
13.	Premiums on other **Special Classes** (specify class with amount for each)	$ -
14.		$ -

Dated March 5 1929 Signed The Western Fire Insurance Company
of Fort Scott Kans

By auditor
(It is suggested that this report be signed in ink by an officer of the Company)

NOTE.—The following should not be filled out by the Company:

Premiums $ ..... @ ..... % = $ ..... ÷ 4 = $ .....

Premiums $ ..... @ ..... % = $ ..... ÷ 4 = $ .....

Premiums $ ..... @ ..... % = $ ..... ÷ 4 = $ .....

Premiums $ ..... @ ..... % = $ ..... ÷ 4 = $ .....

Total $ .....

(A file, handed to the reporter, was marked for identification as "Defendants' Exhibit 305, EFM.")

XQ.83. (By Mr. Hudson) Now, Mr. Duboc, I show you Exhibit 305, and ask you to state what that is. A. A bill from the Missouri Inspection Bureau for the assessment on our fire and tornado premiums within Missouri during the year 1933.

Mr. Hudson: I offer that in evidence.

(Which said Defendants' Exhibit 305, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

Form E - 39A 2M 4-33 Mo

St. Louis, Mo. January 2, 1934

Western Fire Ins. Co.,
Fort Scott, Kansas.

RECEIVED
JAN 2 - 1934
COMPANIES

To MISSOURI INSPECTION BUREAU Dr.

FIRE INSURANCE RATING

PAUL W. TERRY
Manager

1330 PIERCE BUILDING

For subscription to the public rating record and general services of the Missouri Inspection Bureau for the twelve months ending March 31st, 1934.

*General Business	$ 32,100	On basis of 2.8% annual. Min. $	$	898 80
Tornado premiums	5,582	On basis of 0.9% annual.		50 24
Farm premiums		On basis of 0.6% annual.		
		Total	$	949 04
		Credit		711 78
		Balance Due		237 26

*Includes Sprinkler Leakage Premiums.

This total is due and payable April 1, 1933. It may be paid in four equal installments on April 1, 1933, July 1, 1933, October 1, 1933 and January 1, 1934 but the discontinuance of company writing business does not waive the collection of this charge in full.

APPROVED FOR PAYMENT

CAS CO.

FIRE CO.

JOINT A/C.

PAID BY CHECK NO. 4776

DATED JAN 29 1934

14 305

Western Fire Ins. Co.
Fort Scott, Kansas.

RECEIVED
OCT 8 — 1933
WESTERN INSURANCE COMPANIES

St. Louis, Mo., Oct. 1, 193 3

462

To MISSOURI INSPECTION BUREAU Dr.

pd. 237.26 for quarter ending 12-31-33

FIRE INSURANCE RATING

PAUL W. TERRY
Manager

1330 PIERCE BUILDING

For subscription to the public rating record and general services of the Missouri Inspection Bureau for the twelve months ending March 31st, 1934.

*General Business	$ 32,100	On basis of 2.8% annual. Min. $	$	898 80
Tornado premiums	5,588	On basis of 0.9% annual.		50 24
Farm premiums		On basis of 0.65% annual.		

APPROVED FOR PAYMENT copy

*Includes Sprinkler Leakage Premiums.

This total is due and payable April 1, 1933. It may be paid in four equal installments on April 1, 1933, July 1, 1933, October 1, 1933 and January 1, 1934 but the discontinuance of company writing business does not waive the collection of this charge in full.

CAS CO. Total	$	948 04
Credit		474 52
FIRE CO. Balance due		474 52
JOINT A/C.		

476

6551

PAID BY CHEQUE NO. OCT 25 1933

DATED

Form No. IRA 2M 4-33 Mo

RECEIVED
JUL 1 - 1933
WESTERN INSURANCE COMPANIES

St. Louis, Mo., July 1, 1933

Western Fire Ins. Co.
Fort Scott, Kansas

To MISSOURI INSPECTION BUREAU

Pay 2.6 237 for quarter ending 9-30-33

FIRE INSURANCE RATING

PAUL W. TERRY
Manager

1330 PIERCE BUILDING

For subscription to the public rating record and general services of the Missouri Inspection Bureau for the twelve months ending March 31st, 1934.

*General Business	$ 32,100	On basis of 2.8% annual. Min. $	$ 898	80
Tornado premiums	5,582	On basis of 0.9% annual.	50	24
Farm premiums		On basis of 0.65% annual.		
		Total	$ 949	04
		Credit	237	26
		Balance Due	711	78

*Includes Sprinkler Leakage Premiums.

"FIRE" CO.
PAID JUL 21 1933
Check No.
DISTRIBUTION
No. 476

This total is due and payable April 1, 1933. It may be paid in four equal installments on April 1, 1933, July 1, 1933, October 1, 1933 and January 1, 1934 but the discontinuance of company writing business does not waive the collection of this charge in full.

St. Louis, Mo., May 1, 1933 193

Western Fire Ins. Co.,
Fort Scott, Kansas.

Annual assessment

To MISSOURI INSPECTION BUREAU Dr.

FIRE INSURANCE RATING

PAUL W. TERRY
Manager

1330 PIERCE BUILDING

Automobile premiums	$ 35,226	On basis of 0.2%	annual. Min. $	$	70 45

RECEIVED
MAY 25 1933
WESTERN INSURANCE COMPANIES

"FIRE" CO.
MAY 2 1933
PAID
Check No. 6303
DISTRIBUTION
Slip No. 476

Form No. 38A 2M 4-33 Mo

St. Louis, Mo., April 1, 1933 193

Western Fire Ins. Co.,
Fort Scott,
Kansas.

278

To MISSOURI INSPECTION BUREAU Dr.

FIRE INSURANCE RATING

1330 PIERCE BUILDING

For subscription to the public rating [illegible] general services of the Missouri Inspection Bureau for the twelve months ending April [illegible] 1934

*General Business	$ 32,210 ✓	On basis of 2.8% annual. Min. $	$ 898	80 ✓
[illegible] premiums	✓	On basis of 0.9% annual.	50	24 ✓
Farm premiums		On basis of 0.65% annual.		
			$ 949	04 ✓

*Includes Sprinkler [illegible]

"FIRE" CO.
PAID MAY 1 [illegible] 1933
Check No. 6766
DISTRIBUTION
a/c No. 476

1/4 - 237.26 ✓

This total is due and payable April 1, 1933 or may be paid in four equal installments on April 1, July 1, 1933, October 1, 1933 and January 1, 1934 but the discontinuance of company writing business does not waive the collection of this charge in full.

Western Fire Ins.Co.,
Fort Scott,
Kansas.

TO

MISSOURI INSPECTION BUREAU
ST. LOUIS

OFFICE COPY
ORIGINAL MAILED MAR 21 1933

PREMIUM REPORT

Showing the total premiums without deducting Re-Insurance Ceded or adding Re-Insurance Assumed, received by this Company, **either direct, through Associations or otherwise,** for all classes of business transacted in the State of **MISSOURI** for the year 19 37

1. **GROSS PREMIUMS** on all Direct Business written, without any deductions whatever	$	92 887.79
2. Deduct **RETURN PREMIUMS** on Direct Business cancelled	$	24 584.65
3. **GROSS AMOUNT OF DIRECT PREMIUMS** less Return Premiums (all classes)	$	68 303.14
4. Premiums on **Tornado** Business (Gross Direct less Return Premiums)	$	4774.64
5. Premiums on **Farm** Business (Gross Direct less Return Premiums)	$	0
6. Premiums on **Automobile** Business (including Fire, Theft, Collision and Property Damage) (Gross Direct less Return Premiums)	$	35226.24
7. Premiums on **Sprinkler Leakage** Business (Gross Direct less Return Premiums)	$	0
8. Premiums on **Hail** Business (Gross Direct less Return Premiums)	$	0
9. Premiums on **Ocean Marine** Business (Gross Direct less Return Premiums)	$	0
10. Premiums on **Inland Marine** Business (Gross Direct less Return Premiums)	$	1400
11. Premiums on **Explosion** Business (Gross Direct less Return Premiums)	$	830.00
12. Premiums on **Steam Railroad** Business written under General Schedules (Gross Direct less Return Premiums)	$	0
13. Premiums on other **Special Classes** (specify class with amount for each)	$	0
	$	

Signed Western Fire Insurance Company of Kansas

Dated MAR 21 1933 By

(It is suggested that this report be signed in ink by an officer of the Company)

NOTE—The following should not be filled out by the Company:

Premiums $ @ % = $ ÷ 4 = $

Premiums $ @ % = $ ÷ 4 = $

Premiums $ @ % = $ ÷ 4 = $

Premiums $ @ % = $ ÷ 4 = $

Total $

279

Eastern Fire Ins.Co.,
Fort Scott,
Kansas.

ADDITIONAL INFORMATION IN CONNECTION WITH THE PREMIUM REPORT FOR ALL CLASSES OF BUSINESS TRANSACTED IN THE STATE OF MISSOURI FOR THE YEAR OF 1932.

1. Do the premium figures which you have given on the attached blank include the amounts representative of the 16-2/3% increase, effective June 1, 1930? no

2. What was the amount of such increase on net direct fire premiums for the year 1932? 4641.43

3. What was the amount of such increase on net direct tornado premiums including hail rider for the year of 1932? 807.85

OFFICE COPY
GENERAL FILES

4775
109
5184

XQ.84. Now, by way of recapitulation, Mr. Duboc, I will ask you to state, beginning with the year 1928 down to and including the year 1937, just state what regular assessments were made by the Western Inspection Bureau and what special assessments were made which were denominated as in connection with the Missouri rate litigation. A. In 1928, 2.25 per cent. In 1929, a regular assessment of 2.25 per cent, and two special assessments of 1 per cent each. In 1930, a regular assessment of 2.25 per cent, and one special assessment of one-half of 1 per cent. In 1931, a regular assessment of 2.25 per cent, and a special assessment of .9 per cent. In 1932, a regular assessment of 4.5 per cent. In 1933, a regular assessment of 2.5 per cent. In 1934, a regular assessment of 2.8 per cent. In 1935, a regular assessment of 3 per cent.

XQ.85. Now, Mr. Duboc, at the time that the regular assessment was raised to 4.5 per cent, did you write a letter of protest and receive an answer thereto? A. I had our auditor write the letter, yes.

XQ.86. Do you have before you the answer received to that protest? A. I do.

(Said letter, handed to the reporter, was marked for identification as "Defendants' Exhibit 306, EFM.")

XQ.87. That Exhibit 306 is the answer which you received from the Missouri Inspection Bureau or your company received, in answer to that protest? A. It is.

Mr. Hudson: I offer in evidence Exhibit 306.

Mr. Holman: No objection.

(Which said Defendants' Exhibit 306, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

DEFENDANTS' EXHIBIT 306.

Letterhead Of
MISSOURI INSPECTION BUREAU
Fire Insurance Rating
1330 Pierce Bldg.
St. Louis, Mo.

"September 2, 1931.

Western Insurance Company,
Fort Scott, Kansas.
Gentlemen:-

Attention—Mr. M. L. Hurst, Auditor.

Replying to yours of the 22nd, the very substantial

increase in the assessment of the Bureau subscribers for this year is occasioned by the current premiums of the companies being approximately only 50% of the amount for previous years. The amount of the Bureau expense remains practically constant, in addition to which there are, of course, very substantial expenses to be met currently for rate litigation expenses. The small amount of premiums necessitates a higher percent of assessment to provide the necessary income for the operation of the Bureau.

Trusting this gives you the desired information, we are

Yours very truly,

(Signed) Waterworth & Terry.
Managers."

XQ.88. (By Mr. Hudson) Now, Mr. Duboc, did you ever have any accounting at any time concerning any of these assessments as to how the funds raised therefrom, which was denominated as being for legal expenses and other expenses in the Missouri rate litigation, were actually allocated and expended by the Missouri Inspection Bureau or the Subscribers Actuarial Committee? A. I never did.

XQ.89. And when you protested in 1931, what was the actual result of that protest as to an increase being made in our computation of the basis upon which the assessment was made? A. I don't understand the question.

XQ.90. Was that the time when they checked your premiums and charged the assessment upon the impounded, as well as the other premiums? A. Well, this particular letter doesn't refer to that. There were other letters here which did. This letter that has been put in evidence, No. 306, is an attempt to explain why the regular assessment was increased from 2.25 per cent to 4.5 per cent. There was an additional bill rendered that same year concerning which there was correspondence which explained that we had been reporting only our net premiums after deducting the amount impounded with the custodian, and we were told by the Inspection Bureau that we should have returned the gross amount and they billed us for the additional assessment on the impounded premiums for that year.

Mr. Hudson: I think that is all.

Re-Direct Examination by Mr. Holman.

RDQ.91. All of these assessments about which you have been testifying were assessments by the Missouri Inspection Bureau, is that true? A. That is true, except that the letter from the Subscribers Committee, which has been put in evidence here, says it was for the Committee.

RDQ.92. But you were dealing with the Missouri Inspection Bureau? A. Through the Missouri Inspection Bureau, that is correct.

Mr. Holman: That is all.

Re-Cross Examination by Mr. Hudson.

RXQ.93. Just one more question. The Subscribers Actuarial Committee, of which you say you were a member, as a matter of fact is not in a true sense a committee, but a committee of the whole, is that correct? A. I think that is correct.

The Special Master: Let me hear that again.

Mr. Hudson: Read what I said.

(Question read.)

The Special Master: When you say it is a "committee of the whole," you mean that while it is composed of men, they are men representing all of the different organizations that support the movement, is that what you mean?

A. It is men representing all of the companies doing business with the various inspection bureaus.

The Special Master: Yes. That is what he means. He does not mean that the corporations themselves constitute the committee.

Mr. Hudson: I think that is all.

Re-Direct Examination by Mr. Holman.

RDQ.94. There are a certain number that are elected and designated as the Subscribers Actuarial Committee, isn't that true? A. Frankly I don't know.

Mr. Holman: Well, the record shows, I think. That is all.

The Special Master: He does not have it exactly right, but he has the idea in mind. What this man is trying to explain is that this Actuarial Committee you are talking about is a committee appointed by an association, which is composed of representatives of all the various fire insurance organizations that are banded together for common purposes.

Mr. Berger: No, I do not think that is right.

A. I don't think that is correct at all.

The Special Master: You do not think that is it?

A. By "organizations" you refer to such organizations as the Western Underwriters Association, for instance; do you mean that?

The Special Master: Yes.

A. They don't do that. The same men representing these companies, who may belong to these various organizations, met separately as a Subscribers Committee, and through that meeting, which may be composed of the same men, but is a separate meeting—

The Special Master: I know it is a separate meeting.

A. (Continuing) —they function as the Subscribers Committee, and no doubt at those meetings there are executive committees appointed, but I never have followed their deliberations, because we were a small cog in a big wheel, and we merely function as we had to function to do business.

The Special Master: You just thought if you could get a little of the insurance business—

A. (Interrupting) If we could make some money out of it, we would get what we could.

RDQ.95. (By Mr. Holman) In previous testimony, it has come out there were some six or seven or eight men who composed the Subscribers Actuarial Committee. Didn't you know that? A. Yes, but who appointed them, frankly I don't know. We just knew they were in a position of authority and we accepted their edicts.

RDQ.96. But that was not all of the members or subscribers of the Actuarial Committee? A. Of course not.

Mr. Holman: That is all.

(Witness excused.)

RUSSELL D. HOBBS, being recalled as a witness on behalf of the defendants, having been previously duly sworn, testified further as follows:

Direct Examination (continued) by Judge Henson.

Q.1. You are Russell D. Hobbs who has previously testified in Chicago? A. I am.

Q.2. Have you with you the correspondence files in two bundles there? I have forgotten what period of time they cover, but I will ask you first if you have them and then what time they cover. A. You refer to the files that you have previously looked over?

Q.3. Yes, sir. A. I have.

Q.4. Will you produce the bundle there that has a letter of March 12, 1938 (Witness complies). Now, I will ask you if there is contained in your file a letter dated March 12, 1935, from Hicks & Folonie, by R. J. Folonie, to Mr. C. R. Street, Chairman, in Chicago? A. There is.

Judge Henson: I will have that marked as Exhibit 307.

(A copy of a letter, handed to the reporter, was marked for identification as "Defendants' Exhibit 307, EFM.")

Q.5. (By Judge Henson) You know the signature of Mr. Folonie? A. I do.

Q.6. Is that signed by him, his genuine signature? A. I believe it is.

Judge Henson: We offer this letter in evidence.

Mr. Murphy: The plaintiffs object to the letter of March 12th, 1935, on the ground that it is wholly immaterial to this inquiry and upon the ground that it is a confidential communication from attorney to client.

Judge Henson: Are you through with your objection?

Mr. Murphy: Yes.

Judge Henson: This letter is offered for the purpose of showing a knowledge on the part of Mr. Folonie of the settlement negotiations between Mr. Street and Mr. O'Malley which has been put in testimony and which shows by the testimony of Mr. McCormack to have been as the result of bribery. Mr. Folonie, it is in this record, has been the attorney for the companies throughout this litigation and the leading attorney. The terms of this letter would indicate the knowledge on the part of Mr. Folonie of Mr. Street's activities in connection with this bribery. I point out further the fact that Mr. Folonie has testified fully and completely about the entire transaction.

The Special Master: That is what I was going to ask you about. There are two things presented by this objection: one is that it throws no light upon the present controversy. I do not want to pass upon that first because that means I have to examine a three page letter. I will take up the other objection first, viz., that it is a confidential communication. You have not claimed it is not a confidential communication, and, therefore, I will assume for the present that it is. I have not in-

formed myself in advance but I want to know whether it can be the law that when an attorney is put upon the stand and permitted to purport to testify fully as to all of his transactions with the person that hired him, the person in authority, and then something is offered in evidence that is inconsistent with that, whether or not then the privilege could be invoked. What is the law about that, gentlemen?

Mr. Berger: I think possibly it would be waived if he had been interrogated as to the transaction that purports to be touched upon in this letter. The subject matter of the letter is an entirely different law suit. It is the old restitution suit.

Mr. Holman: That is his interpretation. We do not concede that.

The Special Master: Then I will have to read the letter, gentlemen.

Mr. Berger: The references to the meeting of settlement refers to a meeting of settlement that was had in the governor's office in March of this same year at which Mr. Folonie was not present and there is no testimony in this record or before this court as to that meeting of settlement.

The Special Master: All right. I see what the contention is. I will have to read it all (the Master examines said exhibit). Gentlemen, if this is talking about the same thing, in my opinion there is no privilege, but the first thing I want to know is what light does it throw on this case? Point out the language that you think shows guilty knowledge.

Judge Henson: In the first paragraph, he speaks of: "The persons being tried are police officers, and the case involves the issues between the Government and these defendants of their relations to the Kansas City political machine."

The Special Master: "The persons being tried are police officers, and the case involves the issues between the Government and these defendants"—that is the police officers?

Judge Henson: Yes. And it alleges, "and that the gangster Lazzia had a tie-in with the political machine. Barker and Jacobs, therefore, are engaged in fighting the battle of the machine in that case and have apparently improved their situation with them."

The Special Master: Yes.

Judge Henson: This letter is dated the 12th of March. Mr. McCormack testified that these negotiations started early in the year 1935 and that later on Mr. Street met him and told him that it wasn't going along fast enough and he would raise his offer from $500,000.00 to $750,000.00.

Mr. Murphy: That was after the agreement of settlement was made.

Judge Henson: Mind you—

The Special Master: Let's hear your statement of it.

Judge Henson: That indicates very clearly that Barker and Jacobs are in all right with the Pendergast machine and would indicate that Mr. Folonie knew that it was with Mr. Pendergast that Mr. Street was having his negotiations.

The Special Master: Well, to my mind that is the most far fetched inference that I ever heard of. I can't imagine—in the first place, it is all public knowledge what he is telling him. Barker and Jacobs were both—when he says "the machine," he undoubtedly meant what public knowledge shows he must have meant, the Democratic controlled organization in Kansas City.

Judge Henson: Yes.

The Special Master: That is, General Barker had for twelve years or for many years been city counsellor; Mr. Jacobs was the leading lawyer in the Shannon branch of that organization. That was common knowledge that both of them had strong political affiliations. Everybody knew that. I suppose the most honest lawyer in the world would want to let his client know that the political lawyers that were opposing him were apparently strengthening themselves with the political organization. The more honest a lawyer is, the more he would fear that there might possibly be some political disadvantage in being opposed by lawyers who not only were already strong with the organization in power but apparently getting stronger all the time. Now, to say that that intimated there should be any bribery, I just cannot see that at all, Judge.

Judge Henson: It is part of the circumstances as I take it that indicates that the opposition lawyers, that is, the state's lawyers, are in all right with the Pendergast organization, being the ones with whom Mr. Street must deal and—

The Special Master (Interrupting): Judge, at one time in my life not many years ago, I was confronted

with three libel suits brought by Henry L. Doherty against the Kansas City Star, in one of which he asked for $12,000,000.00 damages, in another $12,000,000.00 damages, and another $30,000,000.00 damages. The expenses of the preparation were tremendous. I reported to my clients who the lawyers were and when they hired a new lawyer who he was, and we were watching their political affiliations all the time, and if I had not made those reports, I would have been a derelict in my duty. There is always that question as to whether or not it is a dangerous case to try, and any lawyer who knows what is going on is going to report. If he thinks that there is any danger that he is going to suffer because the people on the other side had very strong affiliations with the political organization that is in power, he should disclose that to his client, and especially if there is every reason to believe there is corruption in that machine, and it is common knowledge that there was. I cannot see that. Now go on to the next.

Judge Henson: "While I was in Jefferson City, Judge Shane, the mouthpiece of the Pendergast machine and now a judge of the Kansas City Court of Appeals, was in Jefferson City to put pressure on Judge Sevier to allow $350,000.00 to Barker and Jacobs for fees." It is in testimony that the meeting here at the Muehlebach Hotel, the discussion here that day was regarding the Barker and Jacobs fees.

Mr. Murphy: In this case.

Mr. Berger: In this case but that has reference to an entirely different case.

Judge Henson: That can be explained if you think that is what it is.

Mr. Murphy: I know that is what it is and—

Judge Henson (Interrupting): And it indicates again very plainly that he is bringing Mr. Street right up to date on the political situation here, and with that inference that Mr. Folonie knows a whole lot more about this than he admits in his Chicago testimony.

Mr. Berger: It is an entirely different situation.

The Special Master: If that is a proper inference, then all of us lawyers that fear that the other side by hiring political lawyers are put in a position that is dangerous and that we are worrying about, have got to see to it we never tell our clients that. Wouldn't you have told them?

Judge Henson: How's that?

The Special Master: If you had feared that a political hookup existed, wouldn't you have reported that to your client?

Judge Henson: Yes, sir, but on the other hand, it is consistent with the idea that he is advising Mr. Street so that Mr. Street will know just exactly the hookup in this Pendergast organization.

The Special Master: When you say you would have reported it, you would do that which I have done and would do again and will always. But, in other words, you say, "Here is some evidence that is just as consistent with an innocent as a guilty purpose and therefore we offer it as some evidence that there was a guilty purpose."

Judge Henson: Now, then, on the second page—

The Special Master: I am only talking about this one. I just cannot see that first one. I have not got my mind closed however.

Judge Henson: Now then, on the second page, beginning at the second paragraph: "There is an obvious effort to put pressure on the local judge to compel him to conform to the demands of the Pendergast organization." They had a state court case and that local judge—

The Special Master (Interrupting): Was Judge Sevier. I have no doubt but that is what it meant.

Mr. Berger: That is in the restitution case, not the state court case. I don't think you can take a lawyer's letter and read something into it when the letter is written to his client.

The Special Master: Yes, it is privileged.

Mr. Bullitt: Well, if it is not privileged, it is libelous.

The Special Master: Yes; it is privileged.

Mr. Berger: It is privileged with reference to the particular case, not the one on inquiry before this Master.

Mr. Bullitt: I thought the Master said it wasn't.

Judge Henson: Now then, the third—

The Special Master: Just a minute. Judge Bullitt suggests that if it is not privileged, it is libelous and I say it is privileged and he said, "I thought you just said it wasn't." When I answered him that it is privileged, I am talking about privilege in the law of libel. When I said that I don't believe it is privileged if it is competent, I meant the privilege to suppress testimony because it is in the relation of attorney and client. They are two entirely different privileges and I do not think

there is anything inconsistent in the two statements that I made. Go ahead and tell me the other.

Judge Henson: Now, in the third paragraph that I certainly think is competent—

Mr. Murphy: What page?

Judge Henson: The second page: "The attorneys for the Superintendent know all about your discussions with the Superintendent and tried to talk to me about the subject. I avoided discussion and tried to leave the inference that I did not know about it without putting it into words." In other words, the inference to be drawn from that is that Mr. Folonie—some of the lawyers for the state evidently said, "Well, I guess Mr. Street and Mr. O'Malley are talking compromise." Now for some reason instead of responding to that he says, "No, I left the inference that I didn't know anything about it without putting it into words." That is entirely inconsistent with the testimony which Mr. Folonie has given which is that he didn't know anything about the settlement until just about the time they came down here and had this meeting at the Muehlebach Hotel on the 14th of May.

Mr. Bullitt: Wait a minute. Mr. Folonie said that he did know that the Superintendent was discussing matters, that he was being excluded from them. He did know this. This is dated March 12th. He did say he knew all along.

The Special Master: Yes, he said that.

Mr. Bullitt: That he was being kept out of it.

The Special Master: Yes, but he is making a point on this where he says, "tried to leave the inference that I did not know about it without putting it into words." In other words, he claims that that is susceptible of the interpretation that he did know about it but was trying to let on like he didn't know about it.

Mr. Bullitt: That might be; that might be true.

Mr. Murphy: He testified that he did know about it.

Mr. Bullitt: Mr. Folonie might very well—I am not going into that part of it but Mr. Folonie might very well as he has testified know that Street was discussing a settlement with the Superintendent and was excluding him from it when he tried to avoid discussion, and while he knew they were having some talks about settlement, he didn't care to go into that question himself, and that is just what he said here. The fact about this, whether the discussions related to the compromise of

the sixteen and two-thirds per cent case or related to the restitution case, that is another matter.

Judge Henson: He said he did.

The Special Master: I have your idea. What is the next language you say you think makes this letter competent?

Judge Henson: The last line on that second page: "This attitude of the Department does not seem to indicate a very conciliatory position." He is evidently bringing his client right up to date on this whole situation.

Mr. Berger: The point of that judgment that he has reference to was a judgment in the restitution case which is the old *Aetna* v. *Hyde* case and is not any part of the litigation that is before this court, and for the additional reason that there were some forty or fifty companies that were parties to that litigation that are not parties in this litigation, and there are some twenty-five or thirty companies that are parties in this litigation that are not parties to that restitution litigation.

Judge Henson: I know.

The Special Master: I don't think that is a good objection. I think if this letter was susceptible of proving guilty knowledge on Mr. Folonie's part or susceptible of the interpretation that it showed guilty knowledge on Mr. Folonie's part, or if it was susceptible of the interpretation that he was in veiled language suggesting that somebody be bribed to get rid of this, the fact that it was one case or the other when they were altogether at the same time I do not believe would be enough to keep it out. I agree that the language, "This attitude of the Department does not seem to indicate a very conciliatory position" shows that he was trying to bring the position of the Superintendent to the attention of his client; that he was trying to show him the political picture, point out the existence of a political machine and the high favor in which the attorneys for the Superintendent stood with that machine. I agree to all of that, but I hold that it was not only not improper to call that to his attention but, in my opinion, it was the duty of the attorney to bring that to his client's attention. Judge Henson has very commendably and frankly admitted if he were in the same position he would bring it to his client's attention. I would myself.

Is there any other language here that you think makes this competent?

Judge Henson: I think that is about all, your Honor.

The Special Master: I will allow this much of the letter to go into evidence: the letter to C. R. Street, dated March 12, 1935, signed Hicks & Folonie by R. J. Folonie, and I will allow this much of the letter to go in evidence: "The attorneys for the Superintendent know all about your discussions with the Superintendent and tried to talk to me about the subject. I avoided discussion and tried to leave the inference that I did not know about it without putting it into words."

My personal opinion is that that does not do anything more than indicate that he did know that discussions were going on with the Superintendent and he tried to keep from telling the attorneys from the other side that he knew about it. However, as to its competency, I am going to let it in. Otherwise, the objection will be sustained.

Mr. Hollingsworth: Did the Master specifically rule on that last sentence, "This attitude of the Department does not seem to indicate a very conciliatory position"?

The Special Master: Certainly.

Senator Hollingsworth: May I call your attention to this idea about that: McCormack's testimony shows that in January of 1935, the Superintendent sent out word to Street about the possibility of a settlement through the intervention of the Pendergast organization or Tom Pendergast individually. Nothing was accomplished. Street thought they were not getting any where. March 12th or shortly thereafter he gets this letter. Then shortly after that Pendergast goes to Chicago and there the offer is voluntarily raised from $500,000.00 to $750,000.00.

The Special Master: I remember all that.

Mr. Murphy: That was after the agreement of settlement was signed.

The Special Master: I remember all that.

Senator Hollingsworth: In view of that testimony, I want to suggest this that after these recitals in that letter and this sentence, "This attitude of the Department does not seem to indicate a very conciliatory position," that is admissible in evidence as throwing light on the raising of the proposed settlement price.

The Special Master: Oh, there is no doubt in the world if you were trying to prove what knowledge Mr.

Street had and whether or not what he did was corrupt or otherwise, I would say, of course, this was a part of the picture, but here there is undisputed evidence that Street did act corruptly. Now, if the insurance companies ever take the position that Street did not act corruptly and try to disprove it, I will reopen it and let you put this in, if the motive of Street ever becomes an issue, but I am not going to receive evidence here to prove the motive of a man that committed an outright crime and nobody claimed he didn't. It is just like in the criminal law, if you want to prove fraud, you can show a lot of things in order to show intent, although otherwise they have nothing to do with the case, but if you have a man whom you prove guilty of larceny, they do not permit you to show intent because when you have proved the larceny, the criminal intent is shown.

Mr. Berger: I refer you to the show cause order in which we disclaim any benefits.

The Special Master: Even so, if at any time in this case you ever tried to put an innocent explanation on what Mr. Street did, I would reopen this case and put this evidence in, but this evidence you are not offering to show the motive of Mr. Street. You are offering it to show the guilty knowledge of Mr. Folonie.

Senator Hollingsworth: And I think it tends to show here that Mr. Folonie—summing up his testimony in Chicago, was to this effect: that he had no knowledge whatever concerning any negotiations.

Mr. Berger: He didn't say that.

The Special Master: No, his testimony was far from that.

Mr. Murphy: He said he was excluded from the room.

Senator Hollingsworth: You are talking about the conference.

Mr. Murphy: No, because he said that Street was negotiating with O'Malley.

Senator Hollingsworth: Then he afterwards testified that in May of 1935 he received and endorsed over to Mr. Street $100,500.00 worth of checks and that he believed it was for the payment of some other attorneys, or he conceived the idea that it might have been. Now I say that that casts grave doubt on the accuracy of Mr. Folonie's testimony in regard to those matters and his interpretation of them as they happened in sequence. I think it is competent for that purpose.

The Special Master: Well, that is just saying that although what the man did was what he should do, and if he was innocent and did not know there was any corruption, he nevertheless should have reported these things to his client if he believed or suspected that they existed, but since it happened that his client turned out to be corrupt, then without any further basis and not merely as corroborative of other evidence, why, you can put it in. I cannot see it. I just cannot see it. I am going to allow the words that I previously indicated in evidence, and otherwise I am going to exclude this letter from evidence, but not on the ground that it is privileged communication, because I believe that has been waived.

Judge Henson: Now, your Honor's quotation in there, of course, that becomes the evidence; in other words, that much which you have quoted is the amount of this letter.

The Special Master: I allowed that part in evidence, yes, sir.

Judge Henson: I think that makes the record complete; the whole letter is offered and you have indicated—

The Special Master: I allowed that much in evidence.

(Which said Defendants' Exhibit 307, previously marked for identification, so offered in evidence, objections to which were sustained in part as hereinbefore set out, is in words and figures as follows:)

"DEFENDANTS' EXHIBIT 307.

HICKS & FOLONIE
Attorneys at Law
105 West Adams Street
State 8973-4 Chicago

March 12, 1935

C. R. Street, Chairman
310 South Michigan Avenue
Chicago, Illinois

Dear Mr. Street: *Re:* Missouri Rate Case

Argument of Referee's Report before Judge Sevier was set for March 9. Barker and Jacobs are engaged in trial of a criminal case in Kansas City, arising out of the Union Station massacre. The persons being tried are police officers, and the case involves the issues between the Government and these defendants of their relations to the Kansas City political machine and that the gang-

ster Lazzia had a tie-in with the political machine. Barker and Jacobs, therefore, are engaged in fighting the battle of the machine in that case and have apparently improved their situation with them.

While I was in Jefferson City, Judge Shane, the mouthpiece of the Pendergast machine and now a judge of the Kansas City Court of Appeals, was in Jefferson City to put pressure on Judge Sevier to allow $350,000.00 to Barker and Jacobs for fees. He has not succeded to this time. Barker had written the Judge asking that the case be postponed from March 9 to sometime in April or May - preferably the latter - and the Judge had declined to do so.

On March 8, the Supreme Court entered an order in the prohibition suit. To understand this order it is necessary to give previous situation.

The first order entered sometime back was one directing the Judge to take no action in American Constitution case (Review proceeding). This order was made under a petition seeking to stay the power of the court below to issue an injunctional order. At a later time, when it came to the Court's attention that its order was too broad and prevented the Judge from setting down hearings to make final disposition of the Referee's Report, etc., the Court, on its own motion, made an order, for convenience called the second order, modifying the original order so as to make the Court's inhibition reach the injunction portion only, leaving the Court free to proceed as to final hearings, review of Referee's report, exceptions and so forth.

On March 8, the Court, of its own motion, reinstated the original order prohibiting all action of the court below in all respects, which stopped the hearing of March 9.

As Barker and Jacobs have no personal pull with the Supreme Court, it is obvious to me, as a matter of deduction, that this order was secured by request of the Insurance Superintendent, at the instance of Barker and Jacobs. It causes us no very grave injury at this time, but the complete lawlessness of it can engender nothing but disrespect.

There is an obvious effort to put pressure on the local judge to compel him to conform to the demands of the Pendergast organization. The making of this order was probably designed in part to demonstrate to him their power. To the present time, at least, it has not been to his interest to bend to their wishes. Whether

pressure can be put on him which will make him alter his course is a matter respecting which I can have no knowledge.

The attorneys for the Superintendent know all about your discussions with the Superintendent and tried to talk to me about the subject. I avoided discussion and tried to leave the inference that I did not know about it without putting it into words. The matter was broached quite roundabout by former Attorney General Lamb in such a way that whe he was talking about could have two or three meanings; but Weatherby broke it much more directly and, in substance, asked me whether I thought the settlement negotiations that were going on were going to come to any conclusion. He indicated that his own judgment was they would come to nothing. I told him that this was not the first time the Kansas City Chamber of Commerce had made a move and that I did not make any effort to look very far forward but just took things as they came.

I was informed by Weatherby that the Superintendent intends to take an appeal on the restitution matter and that he is preparing the matter with a view to appealing one case, to try out the question whether interest on the refunded money can be recovered. He has had conferences with the Insurance Department about it and they have planned to take up the case of the Svea, because in that case the figures as reported by the company come out the same as the Department's figures and, therefore, they can concede the correctness of the return made and take an appeal on the sole question of interest. He would have liked to have had a judgment entered while I was in Jefferson City but I pushed the matter off for the present. This attitude of the Department does not seem to indicate a very conciliatory position.

I talked with the custodians and commissioners who have restitution in charge and they plan for hearings the latter part of April. Former Assistant Attorney General Lamb is now a salaried attorney for these parties and, together with Weatherby, proposes to delve into this matter to see whether they have all they are entitled to. We had a conference in which he several times inquired what the companies had omitted out of their returns. I rather had the impression that he had been told they had left railroad business out and was undertaking to test its propriety, but I could not get him to specify what, if anything, he had in his mind or whether he was just

fishing. I contented myself with the statement that the companies, as far as I knew, had returned everything that was subject to refund; so that my conjecture as to what he had in mind may not be correct.

The Judge asked me to have Mr. Gallagher come down and help them set up books on the restitution matter, and I advised him I would do so. He professed himself under obligation to us for our help and said that the books Mr. Gallagher set up on the impounding had proven completely satisfactory.

Yours very truly,
Hicks & Folonie
By R. J. Folonie

RJF:LG"

Judge Henson: That is all, Mr. Hobbs.

(Witness excused.)

The Special Master: I am not going to infer that Mr. Folonie knew that Mr. Street had in mind bribing somebody and from that further infer—base another inference on that that therefore his language which would otherwise be innocent is an invitation to do so.

G. N. GARDNER, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Mr. Holman.

Q.1. Just state your name. A. G. N. Gardner.

Q.2. You are connected with the Merchants Insurance Company of Colorado? A. Merchants Fire Insurance Company, yes.

Q.3. What is your official position with that company? A. Vice-president.

Q.4. Were you vice-president of that company in 1935 and 1936? A. Yes, sir.

The Special Master: Which company, Mr. Gardner?

A. Merchants Fire Insurance Company of Denver.

Q.5. (By Mr. Holman) Was your company a member or subscriber to the Subscribers' Actuarial Committee in 1935 and 1936? A. Yes, sir.

Q.6. Was it a member or subscriber to the Missouri Actuarial Bureau in those years? A. I guess I understood your question.

Q.7. In the Missouri Inspection Bureau, my mistake. A. Yes, sir.

Q.8. You knew in 1935 and for sometime previous to that that the Subscribers' Actuarial Committee had been in charge of the federal court rate litigation, did you not? A. Yes, sir.

Q.9. And your company was a plaintiff in one of those suits? A. Yes, sir.

Q.10. Involving rates in Missouri? A. Yes, sir.

Q.11. Those suits were pending from 1930 on really to the present date, isn't that true? A. Yes, sir.

Q.12. And your company made no objection to Mr. Street and the Subscribers' Actuarial Committee handling or representing your company in the litigation? A. Well, we at one time wrote a letter, I haven't a copy of it and can't remember the date, urging them to compromise, if not we threatened to withdraw from the suit. That was the only objection I remember of making.

Q.13. But didn't withdraw? A. No, we didn't.

Q.14. You permitted them to go ahead and handle matters for your company? A. Yes.

Q.15. Did you become aware of the fact that a settlement agreement was entered into in May, 1935? A. Well, I don't know exactly the month. It was along in there someplace.

Q.16. You knew of it shortly after it happened? A. Yes.

Q.17. Did you receive a letter from the Subscribers' Actuarial Committee in June, 1935, regarding the settlement? A. I think so, but I can't remember positively.

Q.18. And that letter or the circular accompanying it purported to give the terms of the settlement? A. Well, I can't say positively. As I say, I remember that definitely I understood from one source or the other what the terms were, but whether I got it out of the letter I don't remember.

Q.19. Along about that time you knew what the terms of the settlement were? A. Yes.

Q.20. Did you receive a letter from the Missouri Inspection Bureau in February, 1936, which again set out the terms of the settlement as incorporated in substance in the federal court decree? A. I think I did, but I can't positively remember the letter.

(Instruments, handed to the reporter, were marked for identification as "Defendants' Exhibits 308 to 318, EFM," both inclusive.)

Q.21. (By Mr. Holman) Mr. Gardner, I call your attention to Exhibit 308 and ask you if that is a check

issued by your company to C. R. Street, Agent. A. Yes, sir.

Q.22. Did you authorize or direct that check to be written? A. Yes, sir.

Q.23. Just detail to us the circumstances surrounding the issuance of that check, if you please. A. Well, one afternoon a special agent of the Great American Insurance Company called at the office and he had a letter, as I remember it. The letter was directed to—

Q.24. (Interrupting) Just a minute.

The Special Master: Let him finish.

A. As I remember it, the letter was directed to Mr. Jessup and he brought it over and the letter enclosed a check for $1,300.00 and some dollars, and requested a check for five per cent back, and I told the special agent that I didn't feel like issuing a check with no more explanation than that, and so, as I remember it, he took the letter back and my statement to Mr. Jessup.

The Special Master: Who was Mr. Jessup?

A. Mr. Jessup was State Agent of the Great American Insurance Company of Colorado, and sometime later we received a letter, as I remember it, a letter of explanation from Mr. Street with the further request that we make our check for this five per cent.

Q.25. And you did that? A. Then we did that on that explanation.

Q.26. I hand you Defendants' Exhibit 316, and ask you if that isn't the letter about which you referred directed to Mr. Jessup. A. That is the first letter that the young man ever came over with, and the check.

Q.27. Now, I will ask you to examine this file including exhibits from 308 to 315, inclusive, and ask you if those are copies of letters and records from your files, the files of your company. A. Yes, sir, those are copies.

Q.28. Photostatic copies of letters from your files? A. Yes.

Mr. Holman: I want to offer in evidence Defendants' Exhibits 308 to 318, inclusive, that is all of those letters and checks in that file and three letters of this file of Jessup's.

(Which said Defendants' Exhibits 308 to 318, inclusive, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

MERCHANTS FIRE INSURANCE COMPANY

No. 7704

DENVER, COLO., April 8, 1936

PAY TO THE ORDER OF C. R. Street, Agent $ 669.40

SIX HUNDRED SIXTY-NINE & 40 CTS. DOLLARS

THE MERCHANTS FIRE INSURANCE COMPANY

TO THE FIRST NATIONAL BANK
23-1 DENVER, COLO.

H. N. Gardner, PRESIDENT OR VICE-PRESIDENT

O. A. Holaday, SECRETARY OR TREASURER

APPROVED

DO NOT ENDORSE IF INCORRECT

C. R. STREET, AGENT

RECEIVED PAYMENT THROUGH DENVER CLEARING HOUSE
APR 18 1936
Federal Reserve Bank of Kansas City
23-19 DENVER COLO. 23-19

FIRST NATIONAL BANK DENVER CHICAGO CLEARING HOUSE
APR 1936

300

THE MERCHANTS FIRE INSURANCE COMPANY

No. 7704

DENVER, COLO., April 8, 1926

PAY TO THE ORDER OF C. R. Street, Agent $ 669.40

OFFICE COPY

THE MERCHANTS FIRE INSURANCE COMPANY

TO THE FIRST NATIONAL BANK
23-1 DENVER, COLO.

PRESIDENT OR VICE-PRESIDENT OR AGENCY

SECRETARY

DETACH BEFORE DEPOSITING

THE MERCHANTS FIRE INSURANCE COMPANY

No. 7704

DATE	ITEMS	DISTRIBUTION
4/8/26		$669.40 - Acct. No. 108

309

302

310

April 1, 1936

Mr. C. R. Street, Vice President
Great American Insurance Company
Post Office Box 758
Chicago, Illinois

Dear Mr. Street:

I have read your letter of March 30 addressed to Mr. A. L. Jessup, State Agent, Denver, Colorado.

I wish you could give Mr. Jessup or myself a further explanation of the expenses referred to in your letter. With the present information, my understanding of the situation is very vague, in view of the fact that my understanding is that the legal expenses were taken care of from the impounded premiums by court order.

Very truly yours

CHS:VH

Vice President

Streets letter enclosed check for 1345.00
11% impounded premiums - asks for 5%
$669 in returns

WESTERN DEPARTMENT
[illegible] SOUTH MICHIGAN AVENUE
POST OFFICE BOX 750
CHICAGO

RECEIVED
APR 4 - 1936
A. L. JESSUP,
STATE AGENT

Great American Insurance Company New York

C R STREET
VICE PRESIDENT
G D GREGORY
SECRETARY

RECEIVED CHICAGO
APR 4 - 1936
A. L. JESSUP,
STATE AGENT

April 4, 1936.

Mr. Jessup:-

Here is a note addressed to Mr. Gardner. Hope he will go along. It is all right but cannot give all the details by letter.

CRC

311

304

WESTERN DEPARTMENT
310 SOUTH MICHIGAN AVENUE
POST OFFICE BOX 788
CHICAGO

Great American Insurance Company New York

C R STREET
VICE PRESIDENT
G D GREGORY
SECRETARY

CHICAGO April 4, 1936.

CONFIDENTIAL

Mr. Gardner:

The check you received is out of the expense fund, that fund having been drawn on for 11% by checks payable to the order of the company - that is, 11% of the amount of the impounded premiums.

For expenses we ask 5%, leaving you 6% net.

This will increase the amount you will receive on final distribution.

All companies, including some no longer active in business, have paid excepting two, yours and the Western of Fort Scott, which company has as yet offered no objections.

Due accounting will be made to the Court for the fund placed in the hands of Trustees, and similer accounting will be made the companies for this special fund.

Up to date there has been paid out of the Trustees' account the following items:

Payment to state provided for by the settlement.

Payment to the Insurance Department as provided for by the settlement.

Court Reporters' bill.

Earned premium on Court bonds.

One payment on back account to Attorney Polonie.

Nothing else has been withdrawn fr m the fund except this 11% distributed to the companies.

If I could talk with you for three minutes, you would, I am sure, thoroughly understand the situation and co-operate with us.

CAA

Yours

WESTERN DEPARTMENT
CHICAGO

Great American
Insurance Company
New York

C R STREET
VICE PRESIDENT
G D GREGORY
SECRETARY

A. L. JESSUP, STATE AGENT
H. C. MALTBY, SPECIAL AGENT
PATTERSON BUILDING
DENVER, COLORADO

Denver, Colorado,
April 6, 1936

Mr. C. N. Gardner, Vice-President,
The Merchants Fire Insurance Company,
Gas & Electric Building,
Denver, Colo.,

Dear Guy:

I am enclosing you confidential letter received from Mr. Street and I think with this explanation you are fully justified in sending me over your check to his order for $669.40, which appears to be your share of the expenses as stated in his letter, and upon receipt of it, I will send you his check for $1335.21.

Yours very truly,

A. L. Jessup
State Agent.

Guy: $1335.21 is 11% of our impoundings of May 1-1935. From appearances the committee claimed 11% impounded premiums as expense and were allowed 6 per cent, however it is apparent only 5% expense needed and the remaining 6% comes back to the companies. The method of handling appears to be for the purpose of the committee to show payment of 11% the companies how the 5% returned is to be handled. Haven't any idea. Read

3/9

306

April 6, 1938

Mr. A. L. Jessup, State Agent
Great American Insurance Company
Patterson Building
Denver, Colorado

Dear Mr. Jessup:

I have your letter of April 6 enclosing confidential letter from Mr. Street. This information is very satisfactory, and I think I now understand the situation.

In accordance with your letter I am enclosing check for $[illegible].

Thanking you for your trouble in this matter, I am

Very truly yours

GMG:M

Vice President

314

WESTERN DEPARTMENT
360 SOUTH MICHIGAN AVENUE
POST OFFICE BOX 758
CHICAGO

Great American Insurance Company New York

C R STREET
VICE PRESIDENT
G D GREGORY
SECRETARY

A. L. JESSUP, STATE AGENT
H. C. MALTBY, SPECIAL AGENT
PATTERSON BUILDING
DENVER, COLORADO

Denver, Colorado,
April 9, 1936

C. N. Gardner, Vice president,
Merchants Fire Insurance Co.,
Gas & Electric Bldg.,
Denver, Colorado,

Dear Sir:

We are in receipt of your letter of the 8th enclosing check in the amount of $669.40 and are forwarding you herewith check to your order for $1335.21.

Yours very truly,

A L Jessup

State Agent.

DEFENDANTS' EXHIBIT 316.

Appearing on the letterhead of the Great American Insurance Company, Western Department, 310 South Michigan Avenue, Chicago:

"Chicago March 30, 1936.

Mr. A. L. Jessup, State Agent,
Patterson Building,
Denver, Colo.

Dear Sir:

Please see Mr. Gardner of the Merchants and hand him this check for $1335.21. Tell him it represents 11% of his impounded premiums in Missouri as of May 1st last and that he, as has been done by all the companies excepting in the case of a few small items like this which have not yet been presented, is to give you an expense check to the order of C. R. Street, Agent, for 5% of the amount of such impoundments, which in his case would be $669.40.

Tell him full statement will be rendered when this thing is out of the way.

I received expense checks to the order of C. R. Street, Agent, from the Home, Hartford, National and other companies heavily interested - it was all agreed on at a meeting in New York.

You can show him this letter and then destroy it.

Yours very truly,
(Signed) C. R. Street
Vice-President."

Appearing in the upper righthand corner is a rubber stamp reading as follows:

"Received
Apr 1 - 1936
A. L. Jessup,
State Agent."

"DEFENDANTS' EXHIBIT 317.

Denver, Colorado,
April 2, 1936.

Mr. C. R. Street,
Vice President,
Chicago.

Dear Mr. Street:

Mr. Maltby presented your letter of March 30th and check for $1335.21 to the Merchants Fire Insurance Co.

but Jack Gardner, the President, is in California and expects to go on to Honolulu and may not return until the latter part of May; the young Mr. Gardner was not conversant enough with the situation to carry out your instructions, as you will note by the enclosed letter, which we hand you herewith.

I am sorry the President, J. R. Gardner, is not here so as to complete the transaction and I will await further advice from you, holding your letter and check in my files until such time as I hear from you.

Yours very truly,
State Agent."

"DEFENDANTS' EXHIBIT 318.

Appearing on the letterhead of the Great American Insurance Company, Western Department, 310 South Michigan Avenue, Chicago:

"Denver, Colorado,
August 26, 1939

Morrison, Nugent, Berger, Byers & Johns,
17th floor Bryant Building,
Kansas City, Mo.

Gentlemen;

I have your letter of the 25th with reference to coming to Kansas City to testify before the Special Master in the Federal Court regarding settlement of the rate litigation.

I will be eighty-one years old on the 9th of September, my general health is not very good and my eyesight is getting rather bad, so if the Superintendent of Insurance would be kind enough to send the questions here to me or send someone to take testimony, I will be glad to assist all I can.

My recollection of the transaction is that Mr. Street send me a check payable to the order of the Merchants Fire Insurance Company for about $1335.00 and requested me to get their check for $669., which I did and sent it to him, and that is all I know about it.

Yours very truly,
(Signed) A. L. Jessup
State Agent."

Appearing in the upper right-hand corner is a rubber stamp reading as follows:

"Received
Aug 28 1939
Referred to HWB
Morrison, Nugent, Berger, Byers & Johns."

Q.29. (By Mr. Holman) All right. Now, when Mr. Jessup brought this letter over to you or sent it over to you, as I understand it, you were not satisfied with the information?

Mr. Murphy: Have you identified that letter?

Mr. Holman: This letter, Exhibit 316.

Q.30. (By Mr. Holman) You were not satisfied with the information you had on the subject of this matter of expense, is that true? A. No, I wasn't quite satisfied with it.

Q.30½. Did you so advise Mr. Jessup that you weren't satisfied with the extent of your information? A. I advised his special agent of that and, of course, the special agent, in turn, told him.

Q.31. Did you later receive additional information? A. Later received an additional letter, yes.

Q.32. That is the letter which has been marked Defendants' Exhibit 312 which I will now show you, or I will ask you, is that the letter? A. This is the letter.

Q.33. Following the receipt of that letter, as I understand it, you paid the 5 per cent assessment to Mr. Street? A. Yes.

Q.34. And you wrote a letter to Mr. Jessup at the time you transmitted that check stating in substance that since you had received this letter you were fully satisfied and ready to pay the money? A. Yes.

Q.35. Now, will you point out to us what there is in that letter, that confidential letter from Mr. Street to you that satisfied you on the question of what these expenses were for and why they should be paid. A. Well, of course, I said in my letter to him that I was fully satisfied. As a matter of fact I don't know as I could say absolutely I was fully satisfied, but I couldn't see any purpose in carrying the thing any further, I mean I thought the information sufficient to warrant sending the check, and I thought that in politeness I just as well say that I was satisfied because I say I determined in my own mind I was sufficiently satisfied, anyway, and I think the statements which might have led me to make up my mind is that it was for expenses and that all other companies had done this with the exception of the Western of Fort Scott and ourselves, and that "a due accounting will be made to the Court." Well, I couldn't see much else I could ask.

Q.36. You knew, as shown by the letter introduced in evidence, that the trustees had money on hands with

which to pay expenses, did you not? A. I did in a general way, yes, of course.

Q.37. Didn't you state that—

Mr. Murphy: Let him finish.

Mr. Holman: I thought he had finished. I am sorry.

A. I don't know which letter I stated that in.

Q.38. (By Mr. Holman) In your letter of April 1st to Mr. Street. A. Here it is, "The legal expenses were taken care of from the impounded premiums by Court order."

Q.39. That is right. You knew that or you wouldn't have put it in that letter. A. In a general way I did, yes.

Q.40. Was there anything in Street's confidential letter to you that enlightened you as to why the trustees didn't go ahead and pay this expense? A. I wouldn't say fully.

Q.41. Then why did you go ahead and pay the money? A. Well, in thinking back on my own reactions at the time, I would say that it was more a matter of psychology than it was any definite information and that psychology was built up, well, by the fact that the insurance business since I have been in it has probably depended more upon confidence and faith than anything else, and it has been customary ever since I have been in the insurance business for us to delegate questions where several companies are involved to a committee or to an individual, and follow what they do and particularly in, say loss adjustments and the handling of delinquent agencies and other questions which come up. It has been just built up over a long period of years that that is done constantly, and it simply—my own thought in the matter of my own reaction was simply due, possibly, to that confidence in that manner of doing business, and the fact that we are in a very, very detailed business and we can't investigate everything, we have to delegate matters to other people and in the case of this committee they had handled the thing for years and I had great confidence in Mr. Street and his ability and that is about where my reasoning on the thing stopped.

Q.42. Heretofore expenses had been taken care of by assessments of the Missouri Inspection Bureau, had they not? A. I think they had although that was a bookkeeping matter that I didn't always follow up, but my thought is that the other expenses were assessed through the Missouri Inspection Bureau.

Q.43. But when this request was made of you, it did strike you as strange and unusual that they would be collecting an amount of money in this way, did it not? A. Why, not very strange. I didn't understand it fully, but there was a whole lot of questions in connection with this whole case that I didn't understand fully because I hadn't gone into them thoroughly. My turning down of the first request was more due not to lack of confidence in the justification for the request but I simply wanted something in our own company records stating to some degree what it was for so that anyone who wanted to look at it, insurance examiners or directors or auditors or anybody would have something in our files, but it wasn't a question in my mind that there was anything wrong with the payment.

Q.44. You weren't suspicious? A. Not in the least.

Q.45. I want to call your attention to the last sentence in the letter from Mr. Street to Mr. Jessup which has been numbered Exhibit 316, and which you testified was shown to you, which sentence reads, "You can show him this letter and then destroy it." Didn't that arouse your suspicions regarding this collection? A. Not particularly, no. Of course, I didn't know at the time why the matter should have been taken up with Mr. Jessup, simply I had no way of knowing what might have been his purpose in that, but I wasn't particularly suspicious about it because Mr. Street was with the Great American and Mr. Jessup was, of course would be, a close friend, a business associate. He might have taken it up through him. I didn't question that particularly.

Q.46. Mr. Jessup was state agent for Mr. Street's company? A. Yes.

Q.47. In Colorado.

The Special Master: This file doesn't have 316 in it, does it?

Mr. Holman: No, it is a separate file there, Judge.

A. And I personally didn't know Mr. Street so, as I say, it didn't strike me as particularly strange that he should do it in that manner.

Q.48. And it didn't strike you as particularly strange or arouse your suspicions that he directed Mr. Jessup to destroy this letter after he showed it to you? A. Well, it certainly didn't make me suspicious. As I say, I might not have been able to explain it but it didn't excite any suspicions in my mind.

Q.49. Didn't the whole transaction, everything that came to your knowledge at that time tend to arouse your suspicions that something was wrong concerning the matter? A. No, it didn't arouse my suspicions that anything was wrong. I couldn't explain why it was done in that manner, but due to my confidence in—well, you might say in the whole insurance business, and my confidence in that particular committee and in Mr. Street, I simply would have probably accepted most any explanation as to being warranted under that feeling of confidence.

Q.50. Then why did you pay the money? A. Because I felt that it was the proper thing to do.

Q.51. Had you ever known of another instance in which expenses concerning this litigation were collected through any other channel than the Missouri Inspection Bureau? A. I hadn't personally known of any other, no, although, as I say, I didn't follow that thing up over a period of years. I couldn't say. The bookkeeping department handled most of those things without inquiring or bringing them to my attention, so there might have been other assessments in other ways that I didn't know about.

Q.52. But you didn't know that? A. Personally I didn't know of any other.

Q.53. It was never satisfactorily explained to you as to why the trustees under the settlement decree didn't go ahead and pay these expenses with the money they had on hand? A. No, I had no explanation of why.

Q.54. But disregarding all that, you went ahead and paid the money? A. Yes.

Q.55. You did that simply because the rest of them did it? A. Well, that would naturally have an influence because we were very small in comparison with the big companies and his statements that they all had done it with the exception of ourselves and one other small company would, I think, have a tendency to persuade me that that was proper.

Q.56. You are acquainted, of course, and have been for many years with Mr. Jessup? A. Yes, I have known him many years.

Q.57. Is he quite old at this time? A. He is somewhere around eighty.

Q.58. Has he retired or not? A. I don't think officially. He doesn't work much but I think he still retains a title.

Q.59. Had you ever attended any meeting of insurance executives or others in which the matter of this compromise and the collection of money before or after for expenses was discussed? A. You mean prior to what time?

Q.60. Well, the compromise, I believe you recall, was in May, 1935. A. Yes.

Q.61. Or thereabouts. Did you within six months preceding May, 1935, or any time thereafter attend any meeting of insurance executives or others in which the matter of this compromise and the expenses relating thereto was discussed? A. Well, I attended a meeting in New York this year.

Q.62. This year? A. Yes.

Q.63. When was that meeting? A. I think it was in May. I am not positive of the date, though, now.

Q.64. What was the purpose of that meeting?

Mr. Murphy: It was the latter part of June.

A. Why, the purpose of the meeting, as I got it, now, my memory is, to decide what to do from now on.

Q.65. (By Mr. Holman) Formulating your plans for defense? A. For the future of this case.

Q.66. For the handling of the litigation from there on? A. Yes.

Q.67. About how many men were at that meeting? A. It would be just a rough guess, I would say maybe fifty.

Q.68. They were composed of executives from companies that were interested in the litigation? A. Yes.

Q.69. Parties to the litigation? A. Yes.

Q.70. Was the matter of the settlement and the information of the men present concerning the settlement and the affairs leading up to the settlement and thereafter discussed at that meeting? A. Why, as I remember it there wasn't much discussion of that. It was more an explanation by different people as to just where the thing stood at that time.

Q.71. Did anyone there purport to tell what they knew about how it stood in 1935 or shortly after or shortly thereafter? A. No, I don't think anybody purported to tell anything in the way of facts. Of course, it was more or less an informal discussion about the whole question, but I don't—

Q.72. (Interrupting) Did anyone make any statement which would indicate that they purported to know what was going on at the time it was going on? A. No, the only ones I talked to purported that they didn't know.

Q.73. Have you talked—did you talk to anyone else or anyone about the settlement of this case within a few months before it was settled or at the time it was settled or thereafter regarding the settlement? A. No, I didn't talk at any time to anybody except over the period of years I might have informally talked to agents or people like that in Missouri that were interested.

Q.74. Did you attend any meeting in which Mr. Street purported to tell the progress of the litigation? A. No, to my knowledge I have never seen Mr. Street.

Q.75. Have you detailed to us here all that you know concerning the matters leading up to the settlement of this case in 1935 and the collection of money either before or after for the purpose of settling it or paying the expenses of settlement? A. Yes, I have.

Q.76. Is there anyone else connected with your company that you have reason to believe knows anything about this matter that we have inquired into? A. No, no one else knows anything about it.

Mr. Holman: That is all.

Cross Examination by Mr. Murphy.

XQ.77. Mr. Gardner, general offers of Exhibits 310, 313 and 314 were made by Mr. Holman. I wish you would examine the three exhibits I have just mentioned and tell us whether or not the memoranda in longhand is any part of the letters so marked and, if you can, by whom the longhand memorandum was made. I want to get it clear that that is not a part of the letters.

Mr. Holman: I think it is apparent.

A. There is a handwritten notation on the bottom of this letter dated April 1st which states "Street letter enclosed check for $1,325.00, 11% impounded premiums, asks for 5%, $669.00 and return." I wrote that myself.

XQ.78. For what purpose? For the purpose of having a check written or something of that kind? A. No, I think—you see, this special agent brought a letter which you have here, and then took it back with him and when I decided not to give him a check, and I

simply made this notation as to the contents of what the letter was.

XQ.79. Now, the memorandum in longhand on Exhibit 313, explain that. Who made it? A. Well, it is signed by a man named Reed who, at that time, was our chief accountant.

XQ.80. That was not on the letter when you received it? A. No, this wasn't on the letter when I received it, and the accountant read this confidential letter of Mr. Street, and this was his idea of what it was about.

The Special Master: That was his interpretation of the letter?

A. Yes.

XQ.81. (By Mr. Murphy) Now, the memorandum in longhand on Exhibit 314. A. That was written by the chief accountant.

XQ.82. That is the words "legal expense, V 7704"? A. Yes. That, of course, stands for voucher.

XQ.83. Mr. Gardner, Mr. Street was the superior officer of Mr. Jessup in the Great American? A. Yes.

XQ.84. Mr. Jessup was the state agent of that company in Colorado? A. Yes, sir.

Mr. Murphy: I think that is all.

(Instrument, handed to the reporter, was marked for identification as "Defendants' Exhibit 319, EFM.")

Mr. Holman: I want to offer Exhibit 319 which hasn't been identified, but I understand there is no objection to it.

Mr. Murphy: No, no objection.

Mr. Holman: May it be stipulated that Defendants' Exhibit 317 is a copy of the letter written from Mr. Jessup to Mr. Street?

Mr. Berger: No objection.

Mr. Murphy: It may be stipulated and there are no objections.

Mr. Holman: And it may be further stipulated and agreed that Exhibits 318, 319, 316 and 317 may be copied by the reporter and returned to Mr. Berger?

Mr. Murphy: Yes.

(Which said Defendants' Exhibit 319, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

DEFENDANTS' EXHIBIT 319.

Appearing on the letterhead of the Great American Insurance Company, Western Department, 310 South Michigan Avenue, Chicago:

"Denver, Colorado
September 1, 1939

Morrison, Nugent, Berger, Byers & Johns,
17th floor Bryant Building,
Kansas City, Mo.

Dear Mr. Berger:

This will acknowledge your letter of August 31st. We have gone through our files and have found the following correspondence with reference to the Street matter, which we are enclosing herewith:

First, Mr. Street's letter of March 30, 1936, to me enclosing check for $1335.21 and my letter to Mr. Gardner of the Merchants Fire Insurance Co., asking them to send me a check payable to Mr. Street for $669.40. You will note by my letter to Mr. Gardner that he didn't understand at first and so we showed him Mr. Street's letter and with that before him, he delivered the $669.40 check to us and it was forwarded on to Mr. Street and Street's check was given to Mr. Gardner.

This is the entire transaction with Mr. Street and Mr. Gardner regarding the matter.

Yours very truly,
(Signed) A. L. Jessup,
State Agent."

Appearing in the upper right-hand corner is a rubber stamp reading as follows:

"Received
Sep 5 1939
Referred to HHB
Morrison, Nugent, Berger, Byers & Johns."

Mr. Holman: That is all.
(Witness excused.)

J. L. PARSONS, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. Where do you live, Mr. Parsons? A. New York City.

Q.2. What is your connection with Crum & Forster? A. President.

Q.3. Were you holding that position in 1935 and 1936? A. Correct.

Q.4. And as president did you have general charge of the Missouri rate litigation insofar as your office acted in the litigation? A. As head of the office I was responsible with the whole thing, although I had nothing to do with the detail of it. That was handled by Mr. Wyatt.

The Special Master: Let me ask you, Crum and Forster, is that a corporation or is it a partnership?

A. It is a corporation.

The Special Master: It does not have a charter to write insurance, does it?

A. No, we are properly licensed as agents but not as to underwriting.

The Special Master: You don't, in your own name, write insurance?

A. No.

The Special Master: Are you managing agents for any insurance companies?

A. We are managers of a group of companies and act as agents, general agents, put it that way.

The Special Master: I want to know what companies they are.

A. Well, now, let's see if I can remember. U. S. Fire.

Senator Hollingsworth: I shall put it in the evidence.

Mr. Berger: There is the list right there (indicating).

A. British America, North River, United States Fire, Westchester Fire, Western Assurance Company and the United States Merchants and Shippers, they are absorbed by the Westchester. Now, these are the only companies in this situation, because we have other companies.

Mr. Berger: Those are the only companies in the federal court cases. You have other companies than those in the federal court cases.

The Special Master: When you say you are general agents, what do you mean?

A. I mean to say we have the complete underwriting and financial management.

The Special Master: What do the corporation officers do?

A. Well, what the officers of any corporation do. They run it.

The Special Master: They usually manage the underwriting and financial operations?

The Special Master: You say you do that?

A. We do both.

The Special Master: What do the officers of the insurance companies do?

A. Well, in some instances they have certain duties, a part of our organization.

The Special Master: They are a part of your organization?

A. Yes.

The Special Master: So that the truth of the matter is that regardless of the corporate form, your corporation does actually operate those companies and has complete management?

A. With the executives of the corporation have complete management.

Q.5. (By Senator Hollingsworth) Now, the Subscribers Actuarial Committee had active charge of the litigation for your company? A. So I understand it.

Q.6. You so understood it at the time? A. Yes.

Q.7. And the bills in connection with that were rendered through assessment made by the Missouri Inspection Bureau? A. I assume that is so, but I couldn't testify to it. I don't know.

Q.8. On May 2, 1935, Crum & Forster issued a check to Charles R. Street, Agent, for the sum of $5,000.00—Charles R. Street, Chairman, being Defendants' Exhibit 167. A. That is right. I admit it.

Q.9. Sir? A. I admit that is true.

Q.10. You admit that? A. I approved it myself.

Q.10½. At about on that date was there a meeting at New York among a number of insurance companies' executives? A. I think there was.

Q.11. Did you attend that meeting? A. No.

Q.12. Do you have any information as to who did attend it? A. No—well, I will qualify that. I knew there were several men there. I knew there would be some of the head executives of the principal companies, but I couldn't identify any particular one.

The Special Master: What you learned about it was just hearsay?

A. Just casual.

Q.13. (By Senator Hollingsworth) Did any official from Crum & Forster or any of the companies which you

represent attend that meeting, to your knowledge? A. No.

Q.14. When did you receive your first information of the meeting? A. Mr. Haid called me up in the afternoon, said he had been asked by Mr. Street if we would be one of the companies that would put up $50,000.00 or $60,000.00 in connection with the Missouri rate case. They wanted to get the money as soon as they could, that it was a long job to try to approach 137 companies to get all of this money together, and I said I would be very glad to.

Q.15. Was that the entire information that Mr. Haid gave you? A. That is all.

Q.16. Did he tell you why it was that this money was needed instantly? A. No.

Q.17. Did you ask him? A. No.

Q.18. Did he tell you that anything unusual was happening in regard to it? A. No.

Q.19. Did he tell you the nature of the legal expenses? A. No.

Q.20. Did he tell to whom it was to be paid? A. I think he asked me to make the check to Street, Chairman.

Q.21. You knew Mr. Street was simply a distributing agent, didn't you? A. I didn't know anything about it, to be quite frank with you. I had never interested myself in the case.

Q.22. You had no information as to the case whatever at that time? A. Only in a general way. I knew the litigation was going on.

Q.23. And other than the fact that the litigation was pending, that was all you knew? A. That is all.

Q.24. Mr. Haid gave you only this much information, that they needed some $60,000.00 with which to pay legal expenses and needed it now? A. That is approximately a correct statement.

Q.25. And you said you would be very glad to contribute your part? A. Right.

Q.26. Did you know anything about the amount that the other companies were paying out? A. I think he told me with one or two exceptions they were putting up $5,000.00 apiece and I think he said the total amount came to around $60,000.00.

Q.27. What legal expenses did you understand Mr. Haid to mean? A. I didn't give it the slightest thought. I had great confidence in Mr. Haid and I had great con-

fidence in the committee and Mr. Street. Now, why should I question it?

Q.28. I didn't ask you why, I asked you did you? A. No, I didn't.

Q.29. Now, did you communicate with any of your other officials in regard to the matter before you paid it? A. Yes, I did. I asked Mr. Wyatt to have a check drawn.

Q.30. Did you tell Mr. Wyatt anything about your conversation with Mr. Haid? A. I think I probably did.

Q.31. How much impounded premiums did your companies have in Missouri at that time? A. Oh, I couldn't tell you. I have no idea.

Q.32. I show you a memorandum here that has been marked Defendants' Exhibit 168 and ask you to state if that refreshes your recollection as to the amount. A. I imagine those figures are correct.

Q.33. That total is what? A. $338,000.00.

Mr. Berger: That is the impounding to May 31st.

A. For the group of companies.

Senator Hollingsworth: Apparently it is May 31st.

A. March 31st.

Mr. Berger: This says March 31, 1935.

A. Yes.

Senator Hollingsworth: Well, the memorandum here says "3-31-35," but I presume that is an error.

Mr. Berger: Just so we might be straight, May 31st—the impoundings were made to May 1st, that is to the end of April 31st. That is where the confusion is.

Senator Hollingsworth: Your front title sheet shows the exact amount, as I think the record shows it.

Q.34. (By Senator Hollingsworth) Now, after you received that telephone conversation—message from Mr. Haid, and you instructed Mr. Wyatt to draw the check, was there any discussion whatever among the officials of your company as to this transaction? A. None whatever.

Q.35. Did you advise the officials of the companies which you represented and which you have heretofore named as to the nature of the transaction? A. No, I didn't. It was advanced by Crum & Forster and it was to be vouchered and accounted for later, and I dropped the idea from that point on and paid no attention to it.

Q.36. You had full authority to disburse that money in behalf of your companies? A. Absolutely and many times that.

Q.37. You made no request and you have done that on many occasions before? A. Yes.

Q.38. Now, after that did you get any communication from Mr. Street or anyone else? A. No.

Q.39. Further explaining this transaction? A. No.

Q.40. You made no further inquiry? A. No.

Q.41. Then you knew, did you not, that shortly after that, along the latter part or middle part of May a compromise was effected? A. I knew there was one effected, yes.

Q.42. And you learned of the termination and provisions of that compromise? A. I don't think I even took the trouble to find out.

Q.43. You never even looked into that? A. No. I heard approximately we got 20 per cent or something of that kind.

Q.44. As I understand, your companies were totally ignorant of this whole transaction? A. Yes.

Q.45. You weren't interested enough to try to find out? A. I knew there had been a settlement and we were going to get approximately so much, but I never went into the detail of it.

Q.46. You knew that 30 per cent had been set aside for the payment of legal expenses? A. No.

Q.47. You never busied yourself to find out that much about it? A. Now, I have told you Mr. Wyatt handled the details of this transaction. He has already testified to that.

Q.48. I am asking you what you know about it. A. I know nothing about it.

Q.49. Then please state so. Now, then, you knew that the federal court decree was entered in February of 1936, didn't you? A. I don't even know that.

Q.50. And so far as you know you never had any information about the federal court decree? A. I undoubtedly heard of it, but I didn't know anything about the details of it.

Q.51. Then do you recall that you received a check for 11 per cent of the impounded premiums? A. I didn't know that until recently. Mr. Wyatt handled all that. He has testified to all of this.

Q.52. Did you know that about the time you received the 11 per cent that you were called upon for an assessment of 5 per cent? A. No.

Q.53. That never came to your knowledge? A. Never came to my attention.

Q.54. Did Mr. Wyatt communicate that fact to you? A. No.

Q.55. You didn't know that Crum & Forster had disbursed that 5 per cent? A. No.

Q.56. Had no information concerning it? A. No.

Q.57. Don't have it now? A. Yes, I have it now.

Q.58. Did you go through your files before you came down here? A. No.

Q.59. Have you ever gone through any since this matter became a matter of public concern? A. No.

Q.60. Have you inquired of Mr. Wyatt about the matter since it became generally known? A. I talked it over with him in a general way, yes.

Q.61. Did Mr. Wyatt tell you what information he had received at the time he disbursed the 5 per cent? A. I never discussed it with Mr. Wyatt at all except to get the idea there had been a settlement of about so much, and I never went into it.

Mr. Berger: You remember this is a company that disbursed $5,000.00 less than 5 per cent.

Senator Hollingsworth: Yes.

Mr. Berger: Not that it makes any difference.

Q.62. (By Senator Hollingsworth) Did you know anything about a meeting in New York in the spring of 1936 shortly after the 5 per cent assessment? A. No.

Q.63. You didn't attend such a meeting? A. No.

Q.64. Have you ever heard of such a meeting prior to this date? A. I think so. I think I have heard of it.

Q.65. What did you hear? A. I can't say that I heard anything special. I heard there was a meeting but I don't know anything of the details.

Q.66. From whom did you hear it? A. I can't answer that. As a matter of fact, I was in Florida at that time and I didn't get back for sometime afterwards, and it was a pretty dead issue by that time.

Q.67. Was it after you got back from Florida that you heard there had been a meeting in New York? A. It must have been after.

Q.68. When did you get back from Florida? A. About the 5th of April.

Q.69. Of 1936? A. Correct.

Q.70. Who advised you about the meeting in New York? A. I haven't the faintest recollection.

Q.71. Did you get the substance or the gist of what the meeting was about? A. If I didn't hear about it how could I?

Q.72. I am asking you if you did. A. No.

Q.73. Did Mr. Wyatt tell you there had been such a meeting? A. I don't think so. I have no recollection of it.

Q.74. Did you ever learn who attended the meeting? A. No.

Q.75. Did you ever talk with Charles R. Street about this matter personally? A. Never.

Q.76. Did you ever talk with Mr. Haid about it other than his telephone conversation in May of 1935? A. No.

Q.77. When you ordered Mr. Wyatt to issue the $5,000.00 check in May of 1935, how was that transmitted over to Mr. Haid? A. I couldn't tell you. I don't remember. Probably given to an office boy to take over to him.

Q.78. Was there a letter of transmittal? A. I don't think so. I am not sure.

Q.79. I believe you stated that you never went through the files? A. No.

Senator Hollingsworth: I think that is all.

Cross Examination by Mr. Bullitt.

XQ.80. Did Mr. Haid ever say anything to you about getting an accounting later from Mr. Street? A. Yes, he said it would be properly vouchered and accounted for later, and the reason for getting it was the fact it was too difficult to approach 137 companies because they did want to get the money in a short time.

XQ.81. He told you Mr. Street would give a full accounting later of where the money went? A. Absolutely. Somebody testified I was at the meeting, but I have definite proof here that I wasn't.

XQ.82. It had been suggested that some of the witnesses thought you were present at one of the meetings in New York when they were arranging to get some money. Have you any independent recollection about that? A. I have never been to such a meeting in my life ever.

XQ.83. Were you present at any meeting on or about May 2, 1935, when this approximately $60,000.00 was raised? A. No, he wouldn't have called me up on the telephone if I had been at the meeting.

XQ.84. How is that? A. He wouldn't have called me up on the telephone if I had been at the meeting.

XQ.85. Were you at that meeting? A. No, I was not. Now, I would—

XQ.86. Have you any way of refreshing your recollection as to why you know you weren't present at the meeting? A. I think that (indicating) is very definite.

XQ.87. Just tell in your own way now why you know you were not present at any meeting on May 2, 1935, in Mr. Haid's office.

The Special Master: That is in addition to your recollection that you were not there.

A. Thursday is a meeting day and we have a great many—we have quite a big list of corporations, and on that day I had three important meetings which occupied the morning. The meeting at Mr. Haid's office was in the morning. Now, that is all there was to that.

Mr. Bullitt: That is all.

Re-Direct Examination by Senator Hollingsworth.

RDQ.88. At the time Mr. Haid talked to you did he mention the fact that a compromise was being considered? A. I don't think so.

RDQ.89. He made no explanation whatever as to the need of these legal fees? A. Yes, he said they needed money for legal expenses and they wanted to get it in a short time. I said, "That is all right if the rest of the boys have agreed to it, and they have had this meeting, send it over." He sent it.

RDQ.90. Was there anything said that it might come back to you or be paid back? A. I think there was something said that some of it would come back as we were advancing it to the companies and it would have to be allocated.

RDQ.91. What else did he say about it coming back, if anything? A. I don't remember that he said anything.

Senator Hollingsworth: I believe that is all.

The Special Master: Let me see what it is that he is referring to.

Mr. Bullitt: I didn't offer them in evidence.

The Special Master: I know you didn't.

Mr. Murphy: They are certified copies of minutes of the committees at that time.

A. I have also got the evidence of my being away at the time of the first meeting when I was in Florida if you are interested.

Senator Hollingsworth: You mean the second meeting?

A. Yes, that was the second meeting.

Mr. Murphy: Let me ask this question, you had that record prepared because of the statements of other witnesses that you were there at the meeting?

A. Mr. Wyatt, you refer to this statement here, Mr. Wyatt?

The Special Master: Anyway, you are not offering this in evidence?

Mr. Bullitt: No, no.

Senator Hollingsworth: That is all.

(Witness excused.)

The Special Master: We will adjourn until one-thirty.

Whereupon, the further taking of testimony in said case was adjourned until one-thirty o'clock p. m. of said Thursday, September 7, 1939.

AFTERNOON SESSION, THURSDAY, SEPTEMBER 7, 1939.

Pursuant to adjournment as aforesaid, at 1:50 p. m. of said Thursday, September 7, 1939, came again the same parties, present and presiding as before, and the taking of testimony continued as follows:

Mr. Berger: I desire to have this marked as Exhibit 320.

(A list, handed to the reporter, was marked for identification as "Defendants' Exhibit 320, EFM.")

Mr. Berger: Exhibit 320 is offered by consent of all parties, being a list of the various plaintiff companies in the 137 cases, showing the number of each individual case, and the companies grouped as to their group affiliations as was testified to by the various witnesses.

The Special Master: Does this show the grouping of the companies as they existed in 1935 and 1936?

Mr. Berger: 1935 and '36, yes.

The Special Master: And where a number of companies appear under one numeral at the right, that means that those all belong to one group?

Mr. Berger: Yes, like here (12) is the Continental and the four companies, which constitute the five companies of that group.

Judge Henson: Over on the right-hand is the court number of the case?

Mr. Berger: On the right-hand is the court number of each individual case.

The Special Master: And is it agreed that except as otherwise specifically shown by the record that the companies so grouped are under common management?

Mr. Berger: Yes.

Judge Henson: Yes.

The Special Master: The reason I asked that, there is one case where that isn't true, the Detroit Fire and Marine.

(Which said Defendants' Exhibit 320, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

"DEFENDANTS' EXHIBIT 320.

List Of Plaintiff Companies Showing Number Of Each Case And Group Affiliations.

(1)	American Insurance Company	No. 270
	Columbia Fire Insurance Company	No. 296
(2)	Aetna Insurance Company	No. 273
	The World Fire and Marine Insurance Company	No. 422
(3)	Agricultural Insurance Company	No. 271
(4)	Atlas Assurance Company, Ltd.	No. 280
(5)	Automobile Insurance Company of Hartford	No. 281
	Standard Fire Insurance Company of Connecticut	No. 400
(6)	Bankers and Shippers Insurance Company	No. 282
	New Jersey Insurance Company	No. 364
	Pacific Fire Insurance Company	No. 377
(7)	Boston Insurance Company	No. 283
	Old Colony Insurance Company	No. 375
(8)	Caledonian Insurance Company	No. 286
(9)	Camden Fire Insurance Association	No. 289
(10)	Chicago Fire and Marine Insurance Company	No. 292
	Presidential Fire and Marine Insurance Company	No. 385
(11)	Commercial Union Assurance Company, Ltd.	No. 298
	American Central Insurance Company	No. 276
	California Insurance Company	No. 288

	Commercial Union Fire Insurance Company	No. 299
	Palatine Insurance Company, Ltd.	No. 378
	Union Assurance Society, Ltd.	No. 412
(12)	Continental Insurance Company	No. 303
	American Eagle Fire Insurance Company	No. 277
	Fidelity Phenix Fire Insurance Company	No. 313
	First American Fire Insurance Company	No. 317
	Niagara Fire Insurance Company	No. 367
(13)	Dubuque Fire and Marine Insurance Company	No. 306
	National Reserve Insurance Company	No. 357
(14)	Eagle Star and British Dominions Insurance Company	No. 308
(15)	Fire Association of Philadelphia	No. 314
	Lumbermen's Insurance Company	No. 343
	Reliance Insurance Company of Philadelphia	No. 390
	Victory Insurance Company	No. 418
(16)	Fireman's Fund Insurance Company	No. 315
	Home Fire and Marine Insurance Company	No. 329
(17)	Firemen's Insurance Company	No. 316
	Concordia Fire Insurance Company	No. 301
	Girard Fire and Marine Insurance Company	No. 320
	Mechanics Insurance Company of Philadelphia	No. 346
	Milwaukee Mechanics Insurance Company	No. 352
	National Ben Franklin Fire Insurance Company	No. 354
	Superior Fire Insurance Company	No. 406
(18)	Glens Falls Insurance Company	No. 321
	Commerce Insurance Company	No. 297
(19)	Globe and Rutgers Fire Insurance Company	No. 322
(20)	Great American Insurance Company	No. 324
	American Alliance Insurance Company	No. 275
	County Fire Insurance Company	No. 304
	Detroit Fire and Marine Insurance Company	No. 305
	Massachusetts Fire and Marine Insurance Company	No. 345
(21)	Hanover Fire Insurance Company	No. 326
(22)	Hartford Fire Insurance Company	No. 327

	Citizens Insurance Company	No. 293
	New York Underwriters Insurance Company	No. 366
	Northwestern Fire and Marine Insurance Company	No. 372
	Twin City Fire Insurance Company	No. 411
(23)	The Home Insurance Company	No. 328
	City of New York Insurance Company	No. 294
	Franklin Fire Insurance Company	No. 318
	National Liberty Insurance Company of America	No. 356
(24)	Importers and Exporters Insurance Company	No. 332
(25)	Insurance Company of North America	No. 334
	The Alliance Insurance Company	No. 274
	National Security Fire Insurance Company	No. 358
	Philadelphia Fire and Marine Insurance Company	No. 381
(26)	Insurance Company of the State of Pennsylvania	No. 335
(27)	The London Assurance Corporation	No. 339
	Manhattan Fire and Marine Insurance Company	No. 344
	Union Fire Insurance Company	No. 413
(28)	London and Lancashire Insurance Company, Ltd.	No. 340
	The Law Union and Rock Insurance Company, Ltd.	No. 336
	Orient Insurance Company	No. 376
	Safeguard Insurance Company	No. 394
(29)	Merchants Fire Assurance Corporation of New York	No. 348
(30)	Merchants Fire Insurance Company	No. 349
(31)	National Fire Insurance Company of Hartford	No. 355
	Franklin National Insurance Company	No. 319
	Mechanics and Traders Insurance Company	No. 425
	Transcontinental Insurance Company	No. 409
(32)	National Union Fire Insurance Company	No. 359
(33)	New Hampshire Fire Insurance Company	No. 363
	Granite State Fire Insurance Company	No. 323
(34)	The Northern Assurance Company, Ltd.	No. 369

	London and Scottish Assurance Corporation, Ltd.	No. 342
(35)	Northern Insurance Company	No. 370
(36)	Norwich Union Fire Insurance Society, Ltd.	No. 374
	The Eagle Fire Company of New York	No. 307
(37)	Phoenix Assurance Company, Ltd.	No. 382
	Columbia Insurance Company	No. 295
	Imperial Assurance Company	No. 331
	United Firemen's Insurance Company	No. 414
(38)	Potomac Insurance Company	No. 426
(39)	Providence Washington Insurance Company	No. 386
(40)	The Phoenix Insurance Company	No. 383
	Connecticut Fire Insurance Company	No. 302
	Equitable Fire and Marine Insurance Company	No. 310
	Minneapolis Fire and Marine Insurance Company	No. 383
	Central States Fire Insurance Company	No. 383
(41)	Rhode Island Insurance Company	No. 391
	Guaranty Fire Insurance Company	No. 325
	Merchants Insurance Company	No. 347
(42)	Royal Exchange Assurance	No. 392
	Provident Fire Insurance Company	No. 387
	The State Assurance Company, Ltd.	No. 403
(43)	Royal Insurance Company, Ltd.	No. 393
	Federal Union Insurance Company	No. 312
	Liverpool and London and Globe Insurance Company, Ltd.	No. 338
	The Newark Fire Insurance Company	No. 361
	Queen Insurance Company of America	No. 389
	Star Insurance Company of America	No. 402
(44)	St. Paul Fire and Marine Insurance Company	No. 395
	Mercury Insurance Company	No. 350
(45)	Scottish Union and National Insurance Company	No. 396
	American Union Insurance Company	No. 279
(46)	Security Insurance Company of New Haven	No. 397
	East and West Insurance Company	No. 309
(47)	Springfield Fire and Marine Insurance Company	No. 399
	Michigan Fire and Marine Insurance Company	No. 351

	New England Fire Insurance Company	No. 362
	Sentinel Fire Insurance Company	No. 398
(48)	Stuyvesant Insurance Company	No. 404
(49)	Standard Fire Insurance Company of New Jersey	No. 401
(50)	Sun Insurance Office, Ltd.	No. 405
	Patriotic Insurance Company of America	No. 379
(51)	Svea Fire and Life Insurance Company	No. 407
	Hudson Insurance Company	No. 330
(52)	Tokio Marine and Fire Insurance Company, Ltd.	No. 408
(53)	The Travelers Fire Insurance Company	No. 410
(54)	Western Fire Insurance Company	No. 421
(55)	Yorkshire Insurance Company, Ltd.	No. 423
	London and Provincial Marine and General Insurance Company, Ltd.	No. 341
(56)	Crum and Forster	
	British America Assurance Company	No. 284
	North River Insurance Company	No. 371
	United States Fire Insurance Company	No. 415
	Westchester Fire Insurance Company	No. 419
	Western Assurance Company	No. 420
	United States Merchants and Shippers Insurance Company	No. 416
(57)	Underwriters Grain Association (This is an impounding account solely.)"	

W. R. McCAIN, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Judge Henson.

Q.1. Mr. McCain, where do you live? A. I live at Hartford, Connecticut.

Q.2. And what is the company that you represent? A. I am the president of the Aetna fire group, which includes the World Fire and Marine Insurance Company and the Piedmont Fire Insurance Company and a casualty company, The Century Indemnity.

Mr. Berger: The World Fire and Marine and the Aetna are the only two companies involved here.

Judge Henson: Yes.

Q.3. (By Judge Henson) Now, you held that position in the year 1935 and '36 and still do? A. Yes.

Q.4. Now, Mr. McCain, you are aware of the fact that there is a Missouri rate controversy in which your

companies had impoundments? I mean by that rate litigation in the federal court involving an alleged sixteen and two-thirds percent increase. A. Yes.

Q.5. And your companies had impoundments in that case? A. That is right, the Aetna and the World.

Q.6. Yes, sir. The Aetna and the World together had how much in the impoundments? A. They had about $262,000.00.

Mr. Murphy: $239,939.16.

A. Yes.

Mr. Murphy: That is after May 1, 1935.

A. I wonder if I could make a little statement. I don't know whether it is proper or not, but in our setup the Aetna Insurance Company has maintained a branch at Chicago for many years antedating this suit. The State of Missouri was under the Western Department, under the management of the Western Department. We had a man out there who was the vice president of our company, Mr. Ives, who afterwards became the president. He was in the Western Department, in charge of it, at the time that this litigation first broke in 1922 and then came to Hartford as the president of the company, I should say in 1933 or '34 perhaps. When he came to Hartford, the only jurisdiction that he maintained over the operation of the Western Department was that he supervised our interest in the Missouri case. He was at one time the chairman of this Subscribers Actuarial Committee.

Q.7. In Chicago? A. In Chicago. Then when he came on I suppose he gave up that job, but he supervised the Missouri litigation and then he died in 1934. When he came to Hartford there was no discussion of the Missouri case as far as our officers were concerned, and the supervision of Mr. Ives over that matter was purely a personal one. Otherwise, the entire thing would have been in the Western Department. Now, I just give you some things that I am not going to know that you would ask me.

Q.8. Did you know Mr. Charles R. Street of Chicago? A. Yes, I knew him.

Q.9. And you knew him as Chairman of the Subscribers Actuarial Committee? A. Yes.

Q.10. Now, do you recall ever hearing any discussion by him of a settlement of this Missouri rate controversy? A. Yes, I do. He came to Hartford in May, I guess it was May the third of 1935. Mr. Milligan, who

was the President of the Phoenix, called me up and asked if they could hold a meeting in our directors' room. Our company is rather centrally located, with a large directors' room. For that reason when the meetings of all of the companies in Hartford are held, they usually hold them in our room. For that reason he called us and he arranged the meeting. I forget who was elected chairman of the meeting, I think perhaps Mr. Bissell, and then Mr. Street made his report to that meeting. Do you want me to tell what he said?

Q.11. Yes, sir, please. A. He started off with the thought, which was true, that in the east there was some dissatisfaction with the way the case had been handled by the lawyers in Chicago and that the feeling among some companies in the east was that the matter had been dragged out too long and, if possible, that it ought to be disposed of in some way. With that premise he said that he had come forward to find out whether we were in favor of compromising the case. We asked how he proposed to compromise it. He said that he didn't believe that a town hall meeting was the proper place to compromise any case, if you were going to do that there was no chance of getting a compromise.

Q.12. Are you giving what he said at this meeting? A. That is, as I understand, what he said practically, I don't know that it is verbatim.

The Special Master: This is the meeting of May 2nd he is talking about?

A. This is the meeting of May 3rd in Hartford.

The Special Master: Yes, the next day in Hartford.

A. Yes, he said he had represented the interests of the companies in Chicago as chairman of their various committees and that he was the dominating factor in the insurance business in the west for many years, 35 or 40 years, and he said, "I think that I have handled them pretty well." Well, he thought fairly well of himself and we agreed with that. We thought that was correct that he had handled it pretty well. He said, "Are you willing to trust me in this matter?" Well, I for one said I was willing to trust him in the matter. "Well, now," he said, "if we are going to compromise this case we are going to have to have some money." "Well," some one says, "what are you going to do with the money?" "Well," he said, "you can't handle a matter of this sort, and especially where it may be necessary to get additional counsel to explain that fully," but he said,

"I think you may rest assured of this, that we will furnish to you a statement of every nickel's worth of money that we have spent." He said, "Are you willing to trust me in that respect?" I for one said yes, I was perfectly willing to trust him. I said, "How much money do you want from the Aetna Insurance Company?" "Well," he said, "I am planning to raise"—it seems to me he said $100,000.00 and that he had raised something like $62,000.00 of that in New York and expected to get most of the rest from Hartford, some of it perhaps from Philadelphia. "Well," I said, "How much do you want for the Aetna?" He said $5,000.00. He had a list already made out and he said $5,000.00. I went out to George Burnham, who is the treasurer of the company, and said I would like to have a check for $5,000.00. He said, "How do you want it made out?" I had previously asked Mr. Street who the check was to be payable to. He said either to pay it to their attorneys in Chicago or pay it to him as Chairman of the Committee. We elected to issue the check to Street as Chairman of the Committee. I got that check in person and brought it back and gave it to him.

Q.13. Now, Mr. McCain, you say he said, "There is some dissatisfaction about the way the case has been going on"? A. Dragging on, yes.

Q.14. And what else did he say regarding the compromise, was that the only— A. (Interrupting) Wait—

Q.15. (Interrupting) Wait just a minute, I will reframe the question. Was the only reason for the compromise the dissatisfaction with the lawyers that had been handling it? A. No, he felt the case could be compromised.

Q.16. What encouragement did he give you? A. He said he thought it could be compromised. Somebody asked on what kind of a basis it could be compromised. I don't know whether he said it could be compromised on 80 or 90 per cent, one of them, something of that sort, 80 or 90 per cent.

Q.17. To the companies? A. Yes, he said would that be satisfactory. I for one said yes, that would be imminently satisfactory to us.

Q.18. Did he mention that in full confidence apparently that it could be done on that basis? A. He said he thought it could.

Q.19. Did any of you ask to whom he had talked where he could have gotten such assurances? A. No.

Q.20. You don't think anybody asked him what was the basis of that? A. No.

Q.21. Did he volunteer to tell you with whom he had been contracting? A. No, we didn't ask him.

Q.22. And did anybody express themselves, any of of the men who were there express themselves as against compromising the case? A. No, I think all the Hartford companies were in favor of compromising it.

Q.23. Do you recall who were present? A. All of the Hartford companies were represented, as I recall. Mr. Milligan was there and I think Mr. Long was there.

Q.24. Do you recall whether Mr. Layton was there? A. Yes, Mr. Layton was there and I am not sure but what Mr. Maxwell was there, Mr. Bissell was there.

Q.25. Was Mr. Vreeland there? A. Yes, Mr. Vreeland was there, Mr. Kingan was there and Mr. Clark.

Q.26. How about Safford? A. Yes, Safford of the Travelers.

Q.27. You were there and Street was there? A. I was there and Street was there.

Q.28. Was Stinson there? A. I don't recall, somebody was there from the Automobile. It must have been Stinson. If he is reported to be there, then he was.

Q.29. I show you an exhibit that has already been introduced, Defendants' Exhibit 261, and ask you to read that and state if that refreshes your memory. It purports to be a memorandum by Mr. Stinson. A. Well, the most of that I would say that I remember was correct. I don't remember about the reduction in the rate part. I was not particularly interested in that feature.

Q.30. You mean by that the reduction in the rate in the future? A. That was under the jurisdiction of our Western Department; I don't know about that.

Q.31. You don't remember any discussion then about that? A. No.

Q.32. Do you see anything else in that statement of Mr. Stinson's that you can't recall as having been— A. (Interrupting) I don't recall the details that he has outlined so specifically there about that compromise. I just remember it was going to be on a 80 per cent or 90 per cent basis. Either one of them would have been satisfactory to us at that time. The amount of money to be raised is all right. I didn't remember that much was coming from Hartford.

Q.33. By "that much" you mean— A. (Interrupting) These figures of $37,500.00, but the Aetna was

$5,000.00 and the National was $5,000.00 and the Phoenix was $5,000.00. The Hartford I knew was $10,000.00, and I didn't know about the balance of them.

Q.34. Do you see anything in that statement that you would say—as to what occurred there, that you could say did not occur?

Mr. Murphy: I don't think you ought to ask that question that way, Mr. Henson.

Judge Henson: No, sir, I will be fair to the witness. Wait until I get the next question out; I think it will satisfy you.

Q.35. I understood you to say, and I am not trying to commit you to anything, that there are some things in there that you don't remember? A. I say I don't know whether they occurred or not.

Q.36. Do you know Mr. Stinson's signature when you see it? A. I have seen it a number of times.

Q.37. Would you say that was his signature? A. I don't know. I guess it was. I don't know. You understand I have never had any correspondence much with Mr. Stinson. When we wanted to talk to him we phoned him. Otherwise we would see him in person.

Q.38. Now, I believe you say that a proposition was talked about at 80 per cent and also 90 per cent. A. 80 per cent or 90 per cent, I didn't know which, one or the other.

Q.39. To the companies, and you say that you don't recall that this part of it was discussed: "The theoretical 16 2-3 advance over the 90 brought the rate to 105 per cent. We will, under this agreement, reduce this 105 per cent theoretical rate to 100 per cent, which is the rate that was in effect before the Hyde order." A. I know nothing about that whatever.

Q.40. You were there the entire meeting? A. Yes, I was.

Q.41. You don't recall anything about the future rate? A. No.

Q.42. Do you remember Mr. Hyde's name being mentioned at all, or the Hyde order? A. Well, I knew the question of the rate was going to be compromised, but I don't know anything about the details of it. No, I don't remember Mr. Hyde's name being mentioned. It might have been.

Q.43. What did Mr. Street say he was going to do with this money? A. He didn't say. He asked us to trust him for that. That was the point he made. He

said, "Are you willing to trust me, not only in the handling of this money, but in the hiring of attorneys, because it takes money to hire lawyers and legal expenses, which are not very cheap."

Q.44. Did he say he was going to hire other counsel? A. That was the impression we got.

Q.45. That was the impression you got? A. Yes, that was the impression I got.

Q.46. Did you ask him anything about who he was going to hire? A. No.

Q.47. Did you ask him anything about what he was going to do with the present lawyers, the lawyers he had then? A. No.

Q.48. Did he give any other reason for needing other lawyers, only that this hadn't been moving along as fast as he wanted? A. The question was asked why this matter was not taken up with the western department of most companies who were supervising the business. The thought that he advanced was that they were too close to the picture, the thing had been going on so long, there had been so many personal feelings involved, and all that he himself felt that it was a good deal better to have a clean sweep and start in new, and that you stood a better chance of getting a compromise that was satisfactory to everybody.

Q.49. Did you understand that you were assenting to his making the compromise when you left the meeting? Did you understand for your companies you were agreeing that he could go ahead and make the compromise? A. If he could make it on that basis, yes.

Q.50. Did you put any other limitations on him? A. No.

Q.51. How much of the time relatively was used in the discussion of raising the money, this $37,500.00? A. Oh, I don't think the question of raising the money—I wouldn't say that the question of the actual raising of the money took fifteen minutes. His statement was this: that he didn't feel that he cared to go to the trouble of circularizing all of the companies. I don't know how many there were.

Mr. Murphy: 137.

A. 137 companies, and what he expected to do was get the larger companies to put up the entire $100,000.00, and that that then would be readjusted when the thing was finally straightened out.

Q.52. Did he make any explanation further than that as to why he didn't contact the smaller companies

to see whether it was agreeable to them to compromise their lawsuit? A. No.

Q.53. Did anybody ask him? A. No.

Q.54. Did it occur to anybody to suggest to him that he had better see the smaller companies too, before compromising the lawsuit?

The Special Master: Just let me make this suggestion: I have been reviewing this evidence, and trying to put it into form. Now, when you put it that way—and I say that the witness said it did not occur to anybody—that is not what you want to ask. You want to ask him did it occur to him or did anybody ask. For instance, when I try to put this evidence in narrative form and you ask questions like this, "Didn't it seem to me a very extraordinary circumstance that so and so happened," then I narrate it and it reads this way, "It did not seem to the witness that this was a very extraordinary circumstance." As to whether it seems to be extraordinary at all doesn't appear. I am telling you that. You do it your way, but I am afraid you are going to be disappointed in the narrative form of this evidence.

Judge Henson: I see.

Q.55 (By Judge Henson) Now, Mr. McCain, I believe you say no one suggested that he should talk to other companies about compromising their lawsuit? A. How is that now?

Q.56. I believe you say that nobody there suggested to Mr. Street that he ought to confer with the smaller companies before compromising their lawsuit? A. I don't recall that that point was raised.

Q.57. Did that occur to your mind? A. No.

Q.58. That that should have been asked? A. No. May I say this about the method by which the insurance business is handled, here we have principally in our organization a number of companies, 135, in some organizations 200 companies. It is just like the Congress of the United States which is so large that the main body can not carry on the necessary functions, and so they appoint committees like the Ways and Means Committee in Congress and the Rivers and Harbors Committee. Now, when those committees go into the details of a proposition and they come back after a complete study of it and recommend that to the main body, in nine cases out of ten that is adopted the same way. Our organization is run in the same way. We have a committee which is charged—as this Subscribers Actuarial Commit-

tee, which is charged with the handling of that litigation. They are in close touch with that all the time. We don't pretend—I don't pretend, as the president of our group of companies, to keep up with the details of that at all.

Q.59. You leave that to them? A. We leave that to them. When they come in and that committee reports to us, and a man of the standing of Mr. Street who for 35 or 40 years had represented a company successfully and we think fairly and honorably in the west, he comes in and makes a recommendation to us, it wouldn't have made any special difference whether he had asked for $5,000.00 or $15,000.00, we would have given it to him without question.

Q.60. Now, Mr. McCain, did he tell you that this was the recommendation of the Actuarial Committee or his recommendation? A. No, his own thought.

Q.61. Did it occur to you that you should have the recommendation of the Actuarial Committee rather than just Mr. Street? A. No, for the reason that I have told you that his position that he took was that he was acting independently here because he thought the feeling in the west was against compromise and he didn't believe it was possible to get the western managers to go into a compromise proposition, but he felt that if we would leave it to him and trust him to do it that he could do it for us.

Q.62. That is what you understood you were doing? A. That is what we understood we were doing.

Q.63. Did he have the amounts of these different companies in that Hartford group on a paper of some kind? A. Yes, some little memorandum sheet he pulled out of the pocket.

Q.64. How did he communicate to the different members there the amount he expected from them? A. He just read them off.

Q.65. Were there any objections there by any of them? A. Well, I think one or two of them said they thought he had asked them for a pretty heavy amount. I don't recall who it was.

Q.66. Do you recall anybody who refused? A. No, nobody refused, I think.

Q.67. You don't remember that Mr. Kingan refused, do you? A. No, I don't.

Q.68. How long did that meeting last in Hartford? A. I think the meeting lasted an hour or hour and a half.

Q.69. State whether or not that is the only meeting that you can recall that you had with Mr. Street and other insurance executives on this subject. A. That is the only one I did, yes.

Q.70. Were you at the New York meeting the previous day? A. No.

Q.71. Or a year later or something like a year later? A. I was not, no. The following year after our annual meetings, which are usually in February or the early part of March, I made a trip to the Western Department and then to our Pacific coast and then went to Honolulu and I was in Honolulu at the time that I have since learned that these meetings were held. I don't think the second meeting was held in Hartford, but it may have been.

Q.72. At any event, you were not present if it was? A. I was not present at the meeting, and this second check that they refer to I didn't even know it had been issued by our company until after this entire matter broke in the paper.

Judge Henson: I will ask you to mark these exhibits.

(Photostatic copies of checks and memorandum, handed to the reporter, were marked for identification as "Defendants' Exhibits 321, 322, and 323, EFM," respectively.)

Q.73. (By Judge Henson) Mr. McCain, I show you Exhibit 321, which purports to be the $5,000.00 check given by your company, and this part, it is the endorsement of that check? A. That is right. That is Mr. Burnham's signature and that is the check I gave to Mr. Street.

Q.74. How did you go about getting that check? A. I went out and told him I wanted a check for $5,000.00. He said, "Whom do you want it to?" I said, "Charles R. Street, Chairman." He said, "What is it for?" I said, "For legal expenses in Missouri," and he wrote it out and I brought it back and gave it to Street.

Q.75. Now, I show you Exhibit 322 which seems to be a check for $6,991.95. A. That is a check issued by Mr. Burnham, our treasurer.

Q.76. What does that check purport to be, this 322? A. It is payable to C. R. Street, agent, and was charged

on our ledger book, I believe, as legal expenses for Missouri.

Q.77. State whether or not the amount of the two checks, 321 and 322, together, make 5 per cent of your impoundments. A. I don't know about that. They make $11,991.95.

Q.78. You have stated the amount of the impoundments? A. Yes.

Judge Henson: Now, I offer Exhibits 321 and 322 in evidence.

(Which said Defendants' Exhibits 321 and 322, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

No. 21073

HARTFORD, CONN.

AETNA INSURANCE COMPANY

PAY TO ORDER OF

$

GUARANTY TRUST CO.
NEW YORK

TREASURER

R. F. Folgue Atty
Illinois Trust & Savings Bank
PAY TO
THE NORTHERN TRUST CO.
CHICAGO
for deposit
Charles F. Folsom
Robt F. Folsom

CANCELLED

3-21

343

No. 21341 Hartford, Conn. [illegible] 1936

ÆTNA INSURANCE COMPANY

PAY TO ORDER OF C. R. [illegible] Agent

[illegible] 95 CTS.

$ 6991 95

To NATIONAL BANK OF COMMERCE
NEW YORK

[illegible] TREASURER

[illegible]

Q.79. (By Judge Henson) I show you Defendants' Exhibit 323, and will get you to state what that is if you know. A. Well, this is a little statement showing the distribution for the Aetna and the World Fire and Marine, the Aetna $10,827.45 and the World Fire and Marine $1,164.50, the total of the two, $11,991.95. It is signed "G. H. Grant," he is the secretary of our company.

Q.80. In other words, the computation of the amount the World Fire and the Aetna had of the 5 per cent? A. Yes.

Q.81. Do you know anything about how this second check, Exhibit 322, of March 23rd, came to be issued? A. I tried to find out how the check came to be issued and have never received any very satisfactory explanation of it. Mr. Haid tells me he called up our office and asked for this check. I have asked all of our officers and none of them seem to be sure that they received Mr. Haid's message. I am inclined to think he must have called, in our absence, our senior vice-president at that time.

Q.82. Who was that? A. Mr. S. J. Sloan. He is very hazy about whether he authorized it or not, and Mr. Burnham doesn't remember who came to him to get the check, but there is no question about the issuance of the check.

Q.83. It came through a request of Mr. Haid, you think? A. Yes.

Q.84. Is this Mr. Sloan living that you speak of? A. He is living, yes.

Q.85. Who signed this check? A. George L. Burnham, Treasurer. That is his signature.

Q.86. What, if anything, at that Hartford meeting did Mr. Street say about returning this money if the compromise was not made? A. I don't remember anything being said about that. He said that he would furnish us an accounting for every nickel's worth of money that was expended. Now, I don't recall anything said about returning the money if the compromise wasn't made.

Q.87. If I understood you you came back after this second check was issued? A. Yes, sir.

Q.88. Of March 23, 1936? A. That is right.

Q.89. Did you immediately make inquiry about it as to how it happened? A. I neither made inquiry about it and no one said anything about it. I couldn't have made inquiry about it because I didn't know anything about it.

Q.90. Well, the inquiry that you described a while ago that you made, I suppose has been since the revelations in the federal court? A. After the revelations came out in the papers and there was some meeting in New York at which the question of future conduct of the business came up and something was said about the second payment the companies made. I said, "We didn't make any second payment." They said, "Yes, you did," and I said, "No, I am sure we didn't. We only made one payment of $5,000.00" So they then brought over the list of payments to show me and that, then, indicated we had paid $11,991.00, and that is when I went back then and started the investigation in our office to find out whether we had made that payment. Both Mr. Burnham and Mr. Grant said, yes, we had made it. I said, "On whose authorization?" They said they didn't remember. That is when I asked in all of the offices and none of them remembered it.

Q.91. Have you stated everything within your knowledge as to the issuance of these two checks? A. That is all I know about it.

Q.92. Now, was Mr. Street to report back to any of you as a result of his compromise or report to you while the negotiations went on, if you recall? A. I don't recall anything about it. I don't recall anything about a report to be made. If he compromised on the basis that he outlined to us, that was satisfactory to us without any report back.

Q.93. Do you recall that a telegram was sent to Mr. Long and a copy of it sent to you, among others, about the 16th of May, 1935? A. What date, the 16th of May? No, I don't recall it. I wouldn't say that it was not.

Q.94. I show you Defendants' Exhibit 270 which has previously been introduced, apparently as a copy of a letter that you wrote to Mr. Street, and see if that refreshes your memory. A. Well, I don't remember that, but it sounds reasonable.

Q.95. Is that your signature? A. That is my signature.

Q.96. So you evidently wrote that letter? A. I evidently did, yes, sir.

Q.97. Do you now recall, since I have shown you the letter? A. No, I don't.

Q.98. That you wired him in the language of this letter "Think important we complete a compromise of

Missouri case and therefore approve basis, etc."? You don't recall that? A. I don't recall that at all, but I would like to. I would have approved it.

Q.99. And in this letter you say at the last sentence in it, "I have complete confidence in your trading ability and if you feel that 80 per cent is the best that can be done, then I think you should not hesitate too long in closing it." A. I was much more in favor of compromising the case, I think, than some of the others were. It was an old case that had dragged over from Mr. Ives' regime. It was a very expensive case and I was very much in favor of getting the case out of the way if it could be.

Q.100. What do you mean by it being an expensive case? A. I mean it cost a lot of money.

Q.101. What money had your companies paid? A. Well, our figures show we had paid out about $50,000.00 in legal expenses and other expenses.

Q.102. To whom? A. To whomever was handling the case, the Actuarial Committee, I suppose.

Q.103. Isn't it a fact that you are talking about assessments made by the Missouri Inspection Bureau? A. Probably.

Q.104. And that their assessments on your company included, that is, out of those assessments they paid some of it for legal expenses, others went for other costs of the board? A. This case, so far as the details were concerned, was handled in Chicago and I don't know how they got their assessments or how those assessments were made or how the details of the assessments were set up. I don't know how that was done.

Q.105. You left the impression with us that this particular case was expensive and I would like the fullest explanation you can make of that. A. Well, I think with so many lawyers here that you would agree that a case that had gone on from 1922 with the number of lawyers that was engaged and gone up to the Supreme Court a couple of times and been turned out, and the multiplicity of cases, you weren't doing that litigation for nothing.

Q.106. I would agree to that if I was in it, I know. A. Then I would say it was a very expensive litigation.

Q.107. But you had no way of segregating that expense out of the items, the remittances made to the Missouri Inspection Bureau? A. Well, I never saw those bills. They were paid in the Western Department.

The Special Master: Mr. Witness, you know how to get a lawyer to agree with you, don't you?

Q.108. (By Judge Henson) Mr. McCain, as a matter of fact, the Missouri Inspection Bureau put an assessment on your companies every year and out of that they paid expenses of this litigation right along every year and that only constituted a part of the monies paid in. You understood that, didn't you? A. I didn't know that that was the way it was done. I knew we were paying our part to this committee who was handling it, and however they were levying the assessment on all companies I knew we were paying our part of it, but how it was done and the detail—

Q.109. You have no way of segregating the amount they paid to lawyers out of the whole amount that you put there? A. I never even saw the bills that were rendered and I don't know whether it was segregated or not.

Q.110. From that assessment, those assessments that you make every year to the Missouri Inspection Bureau they had their own salaries to pay, didn't they, and the inspections to be made to keep the rating going? A. I would imagine so.

Q.111. Don't you know that? A. I do know that the rating bureaus have to have their salaries paid if they are going to function. I didn't say that I didn't think these lawyers were worth this money we were paying, but I just meant it was an expensive litigation.

Q.112. I am not defending the lawyers.

The Special Master: Not at this time.

Q.113. (By Judge Henson) I probably will be some other time. Mr. McCain, what I am getting at, to get to it quickly without being tedious, the assessments are made by the Missouri Inspection Bureau and you pay those, your company as well as the other companies, pay those into the Missouri Inspection Bureau. A. That is right, yes.

Q.114. You know, as a matter of fact, they must pay their inspectors, their engineers, and all that who go out and make the inspections as to know what the proper rate is. A. That is right, yes.

Q.115. They must pay their own salaries. A. Yes.

Q.116. Then they are paying the lawyers and other expenses, court filings, etc., of your litigation. A. I didn't know that was the way it was being done until today Mr. Hobbs told me that was the way it was done.

I heard you asking those questions and I asked him if that was the way it was, but up to that time I didn't know that is the way it was done.

Q.117. This is the first time you knew that was being done that way? A. Yes.

Q.118. I still don't know how you get the impression that this was an expensive lawsuit from the standpoint of the lawyers. Do you have any idea what percentage of your assessment went to the lawyers? A. No, I don't. I don't have any idea what percentage of it. We furnished you with a statement here. We show there, now, that the Aetna paid on legal expenses $51,971.00 and the World paid $5,589.95, which makes a total of $57,591.00. Now, the total impounded premiums were $292,000.00, so I say that was a heavy amount of legal expense.

Q.119. Where did you get this paper? A. We got it off the book, and, I understand, furnished it to you.

Q.120. I have never seen it. A. That is purely a statement of the amount of premiums impounded and the checks and expenses charged off.

The Special Master: May I see it so I will know what he is talking about?

Judge Henson: Yes. I don't know what he is talking about. This is the first time I have seen that document.

A. Maybe I don't.

The Special Master: It appears that the witness and the lawyer are not impressed by the same phase of the case.

A. You perhaps are talking about one series of litigation when I am talking about the total series of litigation. This case, as far as we are concerned, we considered the Missouri litigation, from the standpoint of the home office, as having started in 1922 and still going on. We don't draw the distinction. I don't think that you could expect us in Hartford now, not having supervision, direct supervision over Missouri, to keep up with the multiplicity of litigation that you have made us indulge in out in Missouri. I don't think anybody in the world could do that.

Q.121. Then, Mr. McCain, in 1922, Superintendent Hyde made a reduction of 10 per cent in the rates, as I understand you. A. Yes, sir.

Q.122. That was litigated on through until [illegible] probably sometime in 1929, isn't that a fact? A. I couldn't tell you about the dates.

Q.123. Then shortly after that was [illegible] a fact that the companies then put on this [illegible] two-thirds or proposed sixteen and two-[illegible] A. I think that is correct.

Q.124. So when you are figuring the [illegible] you are figuring from 1922— A. (Interrupting) On up.

Q.125. (Continuing) —through all the ramifications of it as being the same thing? A. We considered it sort of one and the same thing.

Mr. Berger: For your own information the old *Aetna* v. *Hyde* case, the old 10 per cent case, went on until 1935. It wasn't stopped. It then became the restitution case in 1931, so the old *Aetna* v. *Hyde* went on until 1935.

Judge Henson: If the basis of his figures is that much attorneys' fees for the seventeen years, I don't care. I thought he was just talking about the six.

The Special Master: No, he made it plain that he was talking about litigation that started in 1922 and has been going on ever since.

Judge Henson: I didn't catch that angle of it, your Honor, until just now. I believe that is all.

Mr. Bullitt: That is all.

(Witness excused.)

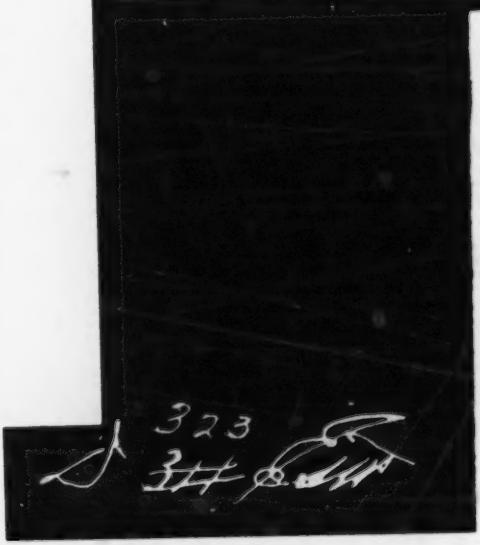
Judge Henson: In connection with this witness' testimony, I desire to offer Defendants' Exhibit 323 in evidence.

(Which said Defendants' Exhibit 323, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

Distribution as follows.

5% Ætna Insurance Company	$10,827.48
5% World Fire & Marine Ins.Co.	1,164.50
	$11,991.98

E. H. Hyams
Co.



HAROLD WARNER, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. Mr. Warner, where do you live? A. Forest Hills, New York.

Q.2. What is your connection with the Royal Insurance Company group? A. I am United States manager of the Royal Insurance Company and of the Liverpool, London and Globe, president of the Federal Union and Star, and also president of the Newark and Queen. There are several other companies which are not interested in this litigation of which I am also president.

Q.3. But those are the companies that are involved in the federal cases here in Missouri? A. Yes, sir.

Q.4. Was your connection substantially the same in the years 1935 and '36? A. That is right.

Q.5. Where are your offices? A. 150 Williams Street, New York.

Q.6. You knew, Mr. Warner, that the litigation pending was in charge of the Subscribers Actuarial Committee? A. Yes, sir.

Q.7. It had general charge and supervision of that litigation with your knowledge and consent? A. Yes, sir.

Q.8. And you knew that Hicks and Folonie were the attorneys for the companies in this litigation? A. Yes.

Q.9. Together with associate counsel here in Missouri? A. Yes.

Q.10. Did you attend a meeting in the City of New York on or about May 2, 1935? A. I did.

Q.11. At which some funds were subscribed in regard to this litigation? A. Yes, sir.

Q.12. What advance information did you have as to this meeting before you attended it? A. No advance information at all. I was just called to a meeting.

Q.13. Who called you? A. I have tried to look through the records because I couldn't remember. I can't find any notice so I think it must have been a telephone call from Mr. Haid's office probably.

Q.14. Was that meeting on May 2, 1935? A. Yes, sir.

Q.15. Did you attend a meeting as long as it lasted from its inception to its end? A. Yes, sir.

Q.16. Who was present at the meeting? A. As far as I can recall I remember Mr. Kurth of the Home, Mr. Koeckert of the Commercial Union, Mr. Koop of the Great American, Mr. Cartlidge, my associate, Mr. Barbour of the Northern, Mr. Culver of the Continental, and I think there were one or two others that I have not been able to recall their names.

Q.17. Was Mr. Haid present? A. Mr. Haid was present.

Q.18. And Mr. Street was present? A. Yes.

Q.19. Do you recall whether Mr. Erskine, assistant of Mr. Haid, was present in the room or not? A. I do not recall. I don't think he was, but I wouldn't swear to that, sir.

Q.20. Was there any formal organization of the meeting by the election of a chairman? A. No.

Q.21. Anyone presiding? A. My recollection of the meeting, sir, is that Mr. Street got up and made a statement that he wished to talk about the Missouri rate litigation. This matter had been going on a very long time and at recent times he had been trying to see if it couldn't possibly be compromised, and he believed there was a possibility of a compromise being brought about. He indicated that he hoped, although he couldn't assure us with any certainty, that that compromise might be on the basis of 10 per cent to the policyholders and 90 per cent to the companies. He referred to all of the complaints that were knocking around about this thing dragging along so long, complaints from agents. I have a dim recollection of his saying something about Chambers of Commerce, and he felt that there were a good many companies who would like to see the thing out of the way, and he wanted to ask those present if it was agreeable to them that he should attempt to bring about a compromise. He then followed that later by stating that he would require some money for legal expenses, and indicated that he wanted approximately $100,000.00. He invited those present—he said rather than a canvass of the 137 companies which would take some time, and some of them had a very small interest, that the companies present were largely interested in this thing and he wondered if they wouldn't prepare to volunteer a lump sum on the understanding that in due time, of course, there would be a full and proper accounting of the whole thing, and that whatever expenses were incurred would be allotted over the whole of the companies in accordance

to their interests and we, on behalf of our companies, volunteered $10,000.00.

Q.22. You have stated the remarks that he made as fully as you recall? A. I can't recall anything else, sir.

Q.23. Did you have a Western Department? A. Well, I think he made some reference to—I am not sure whether he made some reference, whether that was that or the other previous—or further meeting that he made some reference to change in rates and possibly in forms. I believe that was the second meeting.

The Special Master: When was the second meeting?

A. That was in '36, sir.

Q.24. (By Senator Hollingsworth) What was said about the attorneys' fees being returned in the event the compromise was not made? A. I don't recall his saying anything about that, sir. The impression left on my mind was that we were going to get an accounting and he was asking this as an advance and with that I was quite content.

Q.25. Did he say to whom the attorneys' fees were to be made? A. No, sir.

Q.26. Was there any discussion about the attorneys there in any way? A. Not within my recollection there was no mention of any names or any attorneys, sir.

Q.27. Now, you knew these attorneys were on a regular fee basis, being paid through the Missouri Inspection Bureau? A. Yes, sir.

Q.28. And you made no inquiry as to why this sum of $100,000.00 had to be raised for legal expenses at that time? A. No, sir.

Q.29. Was there an inquiry in your mind even though you didn't express it? A. I don't think so, sir. I think my mental reaction was that this, like many other affairs in our business, was in the hands of the Subscribers Actuarial Bureau represented by Mr. Street, and that he had asked for this and as we do in all these matters wherein all our various companies are interested, when it is in their hands we have faith enough in each other to just follow them, and I did that in this case.

Q.30. It was a most unusual procedure for money to be raised for attorneys' fees in that manner? A. It did not strike me that way, sir.

Q.31. It had never been done before? A. I couldn't say. It didn't strike me.

Q.32. Within your experience had it ever been done before? A. Not that I can recall, no, sir.

Q.33. So it was unusual to that extent it had never occurred in your experience? A. In the light you are putting it to me today it becomes unusual. At that time it didn't strike me that way.

Q.34. It didn't strike you that way at all? A. Not in the slightest.

Q.35. No one made any inquiry as to the nature of the legal expenses being raised in this unusual manner? A. No, sir.

Q.36. And so far as you recall there was nothing said about the money being returned or any part of it? A. I can't recall anything of that kind, sir.

Q.37. What was said about the necessity of raising it immediately? A. I can't remember the word "immediately" being used. I got the impression that Mr. Street was asking the companies present who represented a very large interest in this entire picture to make these advances rather than to go to the trouble of bothering to assess the whole 137 companies. I have nothing left on my mind as an impression of any tremendous urgency about it.

Q.38. Did you understand it was a confidential meeting solely or as closely as possible within the group? A. No, sir.

Q.39. You got no impression of it being of a confidential nature? A. No, sir. I would have been quite ready to discuss it with anybody in the business that I met on the street.

Q.40. Did you discuss it with anybody thereafter? A. No, not as far as I recall except with my own colleagues in the office who had been more responsible really for handling of the details of the situation than I was. I only went to the meeting because I take the meetings. He covers the detail in the office.

Q.41. How long did the meeting last? A. It doesn't seem to me it was very long, sir. I would say perhaps a little more than half an hour, not more than three-quarters.

Q.42. Did he detail to you anything about the present status of the litigation, the shape it was in at that time? A. No, sir. Mr. Street was a man of few words and one hesitated to ask him any questions because you probably wouldn't get the answers.

Q.43. Was that the reason you didn't ask him any? A. One of the reasons, apart from which I have always—if I might explain for a moment, sir—when I came to America the Missouri litigation was still history. I didn't come until 1926 and as I began to learn about it I found that we had never taken credit for any of the premiums that were being held back in our records so that I had the feeling that, "Well, it can never adversely affect our accounts," and the thing drifted on year after year and I frankly took very little interest, if anything does come out of it, that is just that much salvage.

Q.44. But I understood you to say a moment ago that partly because you knew you wouldn't get any answer or might not get one, you didn't ask him any questions. A. I didn't ask him any questions.

Q.45. If it hadn't been for that, what questions would you have asked him? A. I don't think I would have asked any anyhow, sir, really.

Q.46. Who was present there from your company besides yourself? A. Mr. Cartlidge, the deputy United States manager.

Q.47. After the meeting who ordered the check? A. I authorized it and I think being of the amount it was it had to be passed by two executives, and I think Mr. Cartlidge also authorized it. There is the authorization, sir.

(Photostatic copy of Memorandum for Journal Entry, handed to the reporter, was marked for identification as "Defendants' Exhibit 324, EFM.")

Q.48. I show you Defendants' Exhibit 324, which I now offer in evidence, which is entitled "Memorandum for Journal Entry." In whose handwriting is that? A. That is in the handwriting of our chief accountant, Mr. Johnson.

(Which said Defendants' Exhibit 324, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

141 Fed

MEMORANDUM FOR JOURNAL ENTRY

190

356

Company Royal Month June 1935

Lisbure Account Dr. $ 10.000 00

To Legal Expense Cr. $ 10.000 00

Reason for Transfer Payment made May 2, 1935 to C R Street, Chairman, as advance on account of Legal Expense, Missouri Litigation. To be charged to Lisbure, as there is a possibility of its recovery.

Number

Approved

Z 4048 Blue 4-34

P 32 Ak
Gn

Q.49. I notice on there these words, "Reason for Transfer Payment made May 2, 1935, to C. R. Street, Chairman, as advance on account of Legal Expense, Missouri litigation. To be charged to suspense as there is a possibility of its recovery." A. Yes, sir.

Q.50. Where did your accountant get that information? A. I couldn't tell you, sir. That memorandum has not been seen by me until I found this record. You will find it was approved by Mr. Cartlidge, not myself.

Q.51. Doesn't that refresh your recollection, there was a possibility of recovery of this attorneys' fee? A. I don't recall it, sir, and I had not seen that memorandum until this file was recently dug up for me. The thing I have seen is this which charged it to legal expenses which were the instructions given me.

Q.52. I ask you this, this is a record and file in your company? A. Yes, sir.

Q.53. This shows there was a possibility of a recovery of that money. Will you please explain that entry or that file, if you can? A. I can not, sir. I didn't know that entry had been changed from legal expenses as was authorized here to suspense.

Q.54. You don't question the fact that your company understood that there was a possibility of a recovery of that attorneys' fees? A. That would seem obvious from that statement, sir.

Q.55. All right. Then all the information in regard to this attorneys' fee came to you at a meeting which you attended, didn't it? That is all the information your company— A. (Interrupting) That is all the information I have.

Q.56. That is all the company had so far as you know? A. As far as I know, sir, yes.

Q.57. Now, can't you explain why or how the possibility of a recovery was to come about? A. The only possible explanation I can make is that Mr. Cartlidge in discussing the matter said, "These expenses are being contributed in advance in behalf of only part of the companies and finally to be apportioned over all of it, so that some of it will be recovered." I am assuming that, though.

Q.58. Why didn't the record so state instead of saying, "There is a possibility"— A. (Interrupting) I am sorry, I didn't make the record.

The Special Master: He didn't make the record.

Q.59. (By Senator Hollingsworth) But you and Mr. Cartlidge attended the meeting and furnished whatever information the accountant had, didn't you? A. Yes, sir. All I know is, sir, I authorized this to be charged to legal expenses where I believed it belonged, and I have never known anything different until this record was dug out. It was transferred back to legal expenses.

Q.60. Do you know why it was put on suspense account instead of as a debit? A. I can only assume that the whole thing was still in the air and the accountant finally decided it had better wait until we knew where it was.

The Special Master: Mr. Witness, unless you really know why it was done, if you had nothing to do with it, it isn't helping much for you to try to figure it out for me because that is a whole lot of testimony to digest, and I haven't gotten any place.

Q.61. (By Senator Hollingsworth) Now, I show you Defendants' Exhibit 103 and ask you in whose handwriting that is. A. That, I think, is in the handwriting of our chief accountant, sir.

Q.62. That is a requisition for a check, is it? A. Yes, sir.

Q.63. I notice it is initialed down here, "H. W." A. That is myself, sir.

Q.64. Did you order this requisition to be made? A. I did.

Q.65. Did you furnish the accountant with the information contained on there, "legal expenses, $10,000.00"? A. I did.

Q.66. "Advance on account of Missouri litigation"? A. Yes.

Q.67. You gave him that exact information? A. This is what it is to be charged to, legal expenses.

Q.68. Did you give him the information set forth? A. I believe—I don't think I told him to put that (indicating) on. That is the wording which they apparently put on the check.

Q.69. But you told him "C. R. Street"? A. Yes, sir, and charge it to legal expenses.

Q.70. Do you recall Mr. Street's saying anything about you could make the check either to Hicks and Folonie or to Street? A. I don't recall that, sir.

Q.71. Now, I hand you Defendants' Exhibit 108 and I notice that is initialed "H. W." and is apparently a check requisition. A. Yes, sir.

Q.72. In whose handwriting is "C. R. Street, Expenses in insurance rate litigation, $12,200.00," and some odd dollars? A. I think that is our accountant.

Q.73. That is not yours? A. No, sir.

Q.74. Did Mr. Street tell you why he wanted these checks made to "C. R. Street, Chairman," sir? A. No, sir.

Q.75. But he did give you that specific information? A. Yes, sir.

Q.76. Did anyone there ask you why the checks were all to be made in that manner? A. No, sir.

Q.77. But after this check was drawn how was it transmitted? A. Sent over by messenger.

Q.78. To whom? A. Mr. Haid's office.

Q.79. Was there any letter of transmittal? A. Apparently not.

Q.80. Ordinarily wouldn't there have been a letter of transmittal with the check? A. Well, I think it had just been agreed that we would send it, and we just sent it over.

Q.81. But ordinarily— A. (Interrupting) In the ordinary course of business, yes.

Q.82. In the ordinary course of business you do that? A. But we just came away from promising to send it and we sent it immediately across.

Q.83. So the routine, the ordinary routine was not followed in this particular matter? A. The ordinary routine but we handed him this check, of course.

Q.84. You say you ordinarily send a letter of transmittal with it. A. Yes, but I just came back from the meeting and immediately sent the check over.

Q.85. But I say ordinarily you do that? A. We ordinarily do send it more formally.

Q.86. Then this was on May 2, 1935. Do you recall that the actual compromise settlement was signed about May 18, 1935? A. I can't recall the date, sir. I think my first recollection of it being settled is what I read in the papers.

Q.87. The legal expense that you understood you were paying was legal expense in effecting— A. (Interrupting) It was legal expense in connection with the Missouri litigation.

Q.88. He told you he had a chance to compromise and he needed $100,000.00 for attorneys' fees? A. That was legal expenses, but not necessarily would approve a compromise, but he wanted legal expenses.

Q.89. You understood that a compromise was pending? A. Was pending, yes, sir.

Q.90. Did he tell you with whom he had discussed the compromise? A. No, sir.

Q.91. Then in connection with the effecting of the compromise he talked to you about $100,000.00 worth of legal expenses? A. Yes, sir.

Q.92. Did that raise any inquiry as to why he would need $100,000.00 worth of legal expenses to effect a compromise of the case? A. It didn't impress me at all, sir. We were dealing with a $9,000,000.00 case.

Q.93. When did you learn that the compromise had been effected? A. I can't recall the date, sir. I think the first I knew of it was what I read in the papers.

Q.94. That was shortly after it was effected I presume? A. Yes.

Q.95. You knew the terms of it? A. Yes.

Q.96. What were those terms in regard to the payment of the legal fees? A. Well, the final details that really first came before me was in the letter which we had from the Subscribers Bureau in February of 1936.

Q.97. That was after the federal court decree? A. That recited the whole thing.

Q.98. How were the legal expenses and expenses of litigation to be paid? A. There was 30 per cent allotted to the trustees to pay various and sundry expenses including legal expenses, is my recollection.

Q.99. Then after that you got—then there was 20 per cent to go to the policyholders? A. Yes, sir.

Q.100. 30 per cent set aside in the hands of the trustees to pay the expenses of the litigation. A. Yes.

Q.101. And 50 per cent was to come outright to companies? A. Yes, sir.

Q.102. And in a very short time you did get your 50 per cent or substantially the 50 per cent? A. Yes, sir.

Q.103. I think there was a small amount withheld in the hands of the custodians out of the 50 per cent. A. I don't recall.

Q.104. But you got substantially the 50 per cent? A. Yes.

Q.105. You knew that 20 per cent had gone to the policyholders or would go shortly? A. Yes.

Q.106. Then in March of 1936 did you have a second meeting in the City of New York? A. Yes, sir.

Q.107. Who called that meeting? A. I think it was called by Mr. Haid's office.

Q.108. Did you attend it? A. I did.

Q.109. Anyone else from your group? A. No, I was the only one.

Q.110. Did you attend the entire meeting? A. Yes, sir.

Q.111. Present during everything that happened, you were there? A. Yes, sir.

Q.112. Who else attended from your company? A. Nobody.

Q.113. I believe I asked you that question. Who else was present there from other companies? A. As far as I can recall there was Mr. Kurth of the Home, Mr. Sturm of the Continental, Mr. Koop of the Great American. Those are all of the ones I can bring to memory. There were one or two more, and it wasn't a very big meeting and not a very long meeting.

Q.114. Haid was there? A. Yes. I don't know whether Haid stayed in through the meeting. Haid was there or was in his office.

Q.115. Mr. Street was there? A. Mr. Street was there.

Q.116. It was a very short meeting? A. That is my recollection.

Q.117. All right. Who addressed the meeting first? A. Mr. Street.

Q.118. What did he say? A. He just said that they would now be paying out 11 per cent out of the trustees funds but there were some legal expenses still to be paid and he would ask the companies when they received their 11 per cent check to send him back a check for 5 per cent.

Q.119. What else did he say? A. I am not sure, sir, but I think it was at that meeting there was some inference there would have to be some reductions in rates and probably broadening the form, but I can't state at which of the two meetings it was, but it was one of the two.

Q.120. Did he say anything else about the payment of legal expenses? A. I can not recall anything more, sir.

Q.121. You think that is all that was said? A. I think so.

Q.122. Did anyone make inquiry to get further enlightenment on the matter? A. No, sir.

Q.123. Now, as I understand you, at that meeting he said you were getting 11 per cent and he wanted 5 per cent for legal expenses? A. That is right.

Q.124. You asked no questions? A. Asked no questions at all.

Q.125. And he didn't ask any questions? A. No.

Q.126. It was a $9,000,000.00 lawsuit? A. Yes.

Q.127. And you knew that 5 per cent of that was around $450,000.00? A. Yes.

Q.128. And yet not a single question was asked there in regard to what that money was for? A. No, sir.

Q.129. You also knew at that time that 30 per cent of the $9,000,000.00, which was about $2,700,000.00, had been set apart for the payment of legal expenses? A. Yes.

Q.130. You knew that the 11 per cent dividend that you were getting there was coming out of the 30 per cent, didn't you? A. Yes.

Q.131. So you knew that there were funds over and above the amount of legal expenses in that 30 per cent? A. Yes.

Q.132. And yet you handed him $450,000.00 more, or knew that the companies would shortly thereafter?

Mr. Bullitt: I have to object to that. He didn't hand him $450,000.00.

Q.133. (By Senator Hollingsworth) I mean you knew that the companies would. A. My mental reaction was—well, sir, a salvage of 6 per cent, that is about the interest I had in the case right all the way through.

Q.134. Now, you knew that the trustees—that this 30 per cent fund was in the hands of trustees, didn't you? A. Yes.

Q.135. Charged with the payment of the legal expenses? A. Yes.

Q.136. And you knew they had more than sufficient amount to pay the legal expenses, didn't you? A. I never stopped to make any calculation at all.

Q.137. You knew it? A. I know it now and I didn't even think about it.

Q.138. But you knew it? A. All right, yes.

Q.139. Didn't you? A. Yes.

Q.140. All right. Now, you knew that when he asked you for this 5 per cent to be paid out by the companies and not go through the hands of the trustees that

it was for some purpose not set out in the decree, didn't you? A. I didn't stop to think anything at all about it. I did as I was asked.

Q.141. How many men would you say were present at that meeting? A. I would think not more than five or six.

Q.142. And no one else asked you? A. No.

Q.143. You were there about how long? A. A very short time, a matter of a quarter of an hour or twenty minutes, I should think.

Q.144. What did you do when he asked you for that 5 per cent? Did you give it to him? A. No, I didn't know what the amount would be.

Q.145. How soon thereafter was it that you did give it to him? A. I received a note from Mr. Haid's office giving the actual figures one, two or three days after that, of which I think you have a copy.

Q.146. I hand you Defendants' Exhibit 107 and ask you to state if that is the note that you got from Mr. Haid. A. That is the note, sir.

Q.147. Did you have information at the meeting that Mr. Haid would furnish you with the correct figures? A. I think we did. I think it stated—I am not sure actually in the meeting or whether we were just leaving that Mr. Street asked Mr. Haid to supply the figures.

Q.148. I notice that says, "Dear Mr. Warner, Amount desired, $22,200.00." A. Yes.

Q.149. "Bureau's payment"— A. (Interrupting) Previous payment.

Q.150. "Previous payment, $10,000.00, balance $12,240.00." A. Yes, sir.

Q.151. "Check to C. R. Street, Agent." A. Yes.

Q.152. "To be sent here as soon as possible." A. Yes, sir.

Q.153. What was the discussion with reference to the necessity of getting the money right away? A. I don't think there was any discussion at all.

Q.154. How quickly after you got the memorandum was it that you sent the check? A. Within the hour. I sent down to the cash department to have it drawn and when it was brought up it was sent over by messenger.

Q.155. Who brought the note to you? A. I couldn't tell you. It was put on my desk by my secretary.

Q.156. Was it brought by messenger? A. I think so.

The Special Master: Do you know anything about it?

A. No, sir.

Q.157. (By Senator Hollingsworth) Do you recall the date of the meeting? A. Not the actual date. It was, I think, in the month of March. I don't recall the date.

Q.158. Did you make any memorandum at that time? A. No.

Q.159. Do you know of anyone there that made any memorandum? A. No.

Q.160. Did you notify anyone in your office before you got the Haid memorandum as to the exact figures, what had transpired? A. No, I didn't know the figures.

Q.161. Did you tell anyone in the office that there had been such a meeting? A. I may possibly have referred to and told Mr. Cartlidge because he was the only person interested in it.

(Photostatic copy of a check, handed to the reporter, was marked for identification as "Defendants' Exhibit 325, EFM.")

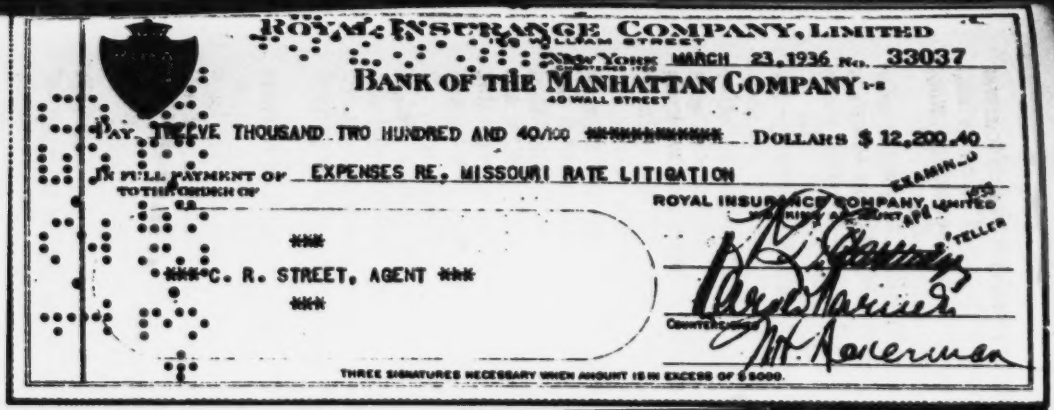
Q.162. Now, on Defendants' Exhibit 325, is that a photostatic copy of the check? A. It is, sir.

Q.163. I notice that is for the sum of $12,240.00. A. That is right.

Q.164. Which is the amount requested by Mr. Haid after allowing a credit of $10,000.00 theretofore advanced. A. Yes, sir.

Senator Hollingsworth: I offer that in evidence.

(Which said Defendants' Exhibit 325, so offered in evidence, having been previously duly marked, is in words and figures as follows:)



ROYAL INSURANCE COMPANY, LIMITED
1 WILLIAM STREET
NEW YORK MARCH 23, 1936 No. 33037

BANK OF THE MANHATTAN COMPANY
40 WALL STREET

PAY TWELVE THOUSAND TWO HUNDRED AND 40/100 ********** DOLLARS $ 12,200.40

IN FULL PAYMENT OF EXPENSES RE, MISSOURI RATE LITIGATION
TO THE ORDER OF

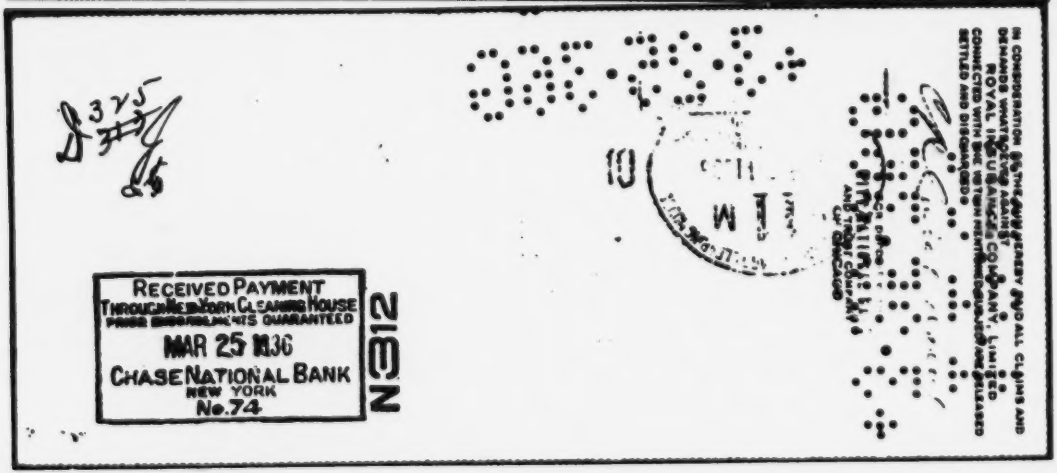
EXAMINED

ROYAL INSURANCE COMPANY, LIMITED

***
***C. R. STREET, AGENT ***
***

COUNTERSIGNED

THREE SIGNATURES NECESSARY WHEN AMOUNT IS IN EXCESS OF $5000.



3 7 5

RECEIVED PAYMENT
THROUGH NEW YORK CLEARING HOUSE
PRIOR ENDORSEMENTS GUARANTEED
MAR 25 1936
CHASE NATIONAL BANK
NEW YORK
No. 74

N312

IN CONSIDERATION OF THE SUM HEREBY PAID ALL CLAIMS AND DEMANDS WHATSOEVER AGAINST ROYAL INSURANCE COMPANY, LIMITED CONNECTED WITH THE WITHIN HEREBY PAID ARE RELEASED SETTLED AND DISCHARGED

365

Q.165. (By Senator Hollingsworth) How soon was that check written after the meeting? A. I think within two or three days, as soon as we got the memorandum of the amount.

Q.166. How did you transmit it? A. I sent it over by our messenger, I think, just sent it out to my secretary to see that it got over. That is all I can actually vouch for.

Q.167. Was there any letter of transmittal? A. No, sir.

Q.168. Why was the ordinary routine of your office broken in regard to this check? A. The check went back in answer to the memorandum. Just one of those things, it said just as soon as possible. There was no explanation called for, it was just sent over.

Q.169. All right. Now, I notice here on the requisition which you initialed and which is Defendants' Exhibit 108 it is first written "legal expense," and then that was stricken out and written "suspense." Why was it placed in suspense? A. I can't explain except that the other item probably had been transferred to suspense and probably when they found it they decided to put it back. It was later transferred back in December, before the end of the year, and when we got the check in December, 1937, for the same amount we thought that was the payment back and that was credited to legal expenses, which adjusted the whole matter.

Q.170. Your other check in December of 1937 came from the custodian, did it not?

Mr. Berger: No.

Q.171. The trustees, Hicks and Street? A. Yes—Hicks and Folonie.

Mr. Berger: Street and Folonie.

A. Street and Folonie.

Q.172. (By Senator Hollingsworth) But it was carried as a suspense item from the time of the issuance of the check down to December of 1937? A. 1936, I think.

Q.173. To 1936 carried as a suspense item? A. Yes, sir.

Q.174. Do you have any explanation as to why it was carried as a suspense item? A. No.

Q.175. During that period of time? A. No, because the whole thing was in a state of flux; I imagined that it was all in flux and in December to get it into the right account, the accountant who has authority to do things put it into the legal expense.

Q.176. Did you give the accountant any information that caused it to be placed in the suspense account? A. Absolutely no, and I didn't know it had been done.

Q.177. Did you discuss this matter with anybody after that? A. No, sir, not within my recollection.

Q.178. Never discussed it with anyone? A. No, sir.

The Special Master: No discussion with anybody from then up until this date or from then up until the time the newspapers—

A. (Interrupting) No discussion other than the meeting which I attended this year in May and then the future conduct of the case was discussed with a large number of executives. I didn't take any part in that.

Q.179. Now, the first check, the $10,000.00 check, was made to C. R. Street as chairman? A. Yes, sir.

Q.180. That was chairman of the— A. (Interrupting) Subscribers.

Q.181. (Continuing) Subscribers Committee. The second check was made to C. R. Street, Agent? A. Yes, sir.

Q.182. Of course, when you made it to C. R. Street, Agent, you knew that he was not acting as chairman of the Subscribers Actuarial Committee? A. No, we just followed the instructions on the paper that we got from Mr. Haid.

Q.183. Whose agent did you understand him to be when you made the check to C. R. Street, Agent? A. I didn't even give it any thought, sir, what "Agent" stood for. It was just automatic. This says, "Check to C. R. Street, Agent," and I didn't give it any thought.

Q.184. You gave it no thought whatever? A. Not a bit.

Q.185. The idea of the distinction between C. R. Street, Chairman and C. R. Street, Agent, made no impression on your mind? A. When I signed the second one I didn't realize the first one was Chairman, otherwise I might have raised the point.

The Special Master: You say "otherwise you might have." You have really no way to know whether you would have?

A. I might have, why one one way and one the other.

Q.186. (By Senator Hollingsworth) Did Mr. Street ever make an accounting to you? A. No, sir.

Q.187. For the $10,000.00 or the $12,200.00 check? A. No, sir.

Q.188. Did you ever ask for one? A. No, actually when we got this check in December which was the exact amount, I thought that that was the payment back.

Q.189. Payment back for what? A. Of the amount which had been paid for these legal expenses, and it was then going to be apportioned out of all of the companies as he had originally said it would.

The Special Master: What I understood you to say is that when you got the last dividend of 5 per cent you thought it was a repayment of the advance of 5 per cent?

A. That is right.

Q.190. (By Senator Hollingsworth) Did you ever talk to Mr. Haid about this matter at all? A. No, sir.

Q.191. Never did? A. No, sir.

Q.192. And he never talked to you about it? A. No, sir.

Q.193. It was not mentioned between you? A. No.

Senator Hollingsworth: I think that is all.

Cross Examination by Mr. Bullitt.

XQ.194. Did Mr. Street say anything about making any accounting back of the money you got? A. He gave us very definite assurance that we would get a complete accounting. I think that was mentioned, that is what I counted on, that it would be explained.

XQ.195. At both meetings? A. Yes.

XQ.196. Did Mr. Street say anything from which you inferred or from which anybody could infer that there was anything mysterious or delicate or secret about this settlement? A. Not in any respect whatever, nothing whatever that raised my suspicions.

Mr. Bullitt: That is all.

The Special Master: You speak of a second meeting in 1936, what was that meeting in 1936 and when was it?

A. I think in March, sir, 1936. I can't remember the exact date.

The Special Master: Where?

A. In the office, Mr. Haid's office.

Mr. Bullitt: That was the second or first? The first meeting was May 2, 1935, the next was March somewhere.

The Special Master: I understand, but my recollection is there hasn't but one man ever testified to it and that was Paul Haid, and I wanted to find out something about it. Is that correct?

Judge Henson: That is correct.

The Special Master: Who was present?

A. There was Mr. Kurth of the Home, Mr. Sturm of the Continental.

The Special Master: Yourself.

A. And Mr. Street. There were only about half a dozen altogether.

The Special Master: Mr. Haid was there?

A. I believe Mr. Koop was there, but I am not sure Mr. Haid stayed in the meeting.

The Special Master: What came up at that meeting?

A. Mr. Street just announced that they were about to repay 11 per cent of the trustees fund and that when we got those checks there was further expense amounting to some $350,000.00, approximately, which were required to be paid and with the $100,000.00 that was already paid it was approximately 5 per cent of the total, and when we got the check for 11 per cent would we please send a check for 5 per cent. I recall somebody asking him was that all of the expense, and Mr. Street replied that he couldn't say whether that was the total expense or not, but that was as near as he could estimate it at that time.

The Special Master: There were only about half a dozen there?

A. Yes.

The Special Master: Did he say why he got them together, he wasn't at that time asking four or five to advance it for the companies like he did before?

A. No, I think he may have called more to the meeting but there were only that number there. He probably called the same as before, but I don't know.

The Special Master: You don't know about that?

A. No.

The Special Master: Was he asking consent to do it?

A. No, he was just making statements and then when we got the notice from Mr. Haid two or three days later—

The Special Master: How long did that meeting last?

A. A very short meeting, a quarter of an hour or twenty minutes.

The Special Master: Did anybody ask him at that time what this $350,000.00 expense was going to be?

A. No, he had already made the statement it was legal expenses and nobody asked any questions at all.

The Special Master: Had you become acquainted —you didn't pay any attention, I think you said, to the terms of the decree out here?

A. No.

The Special Master: Didn't anybody mention the terms of the decree in that regard?

A. Not that I could recall, sir.

The Special Master: What did they talk about that kept them there for fifteen or twenty minutes? What you have told wouldn't have taken two minutes.

A. It is pretty difficult to recall the detail. That is all in substance what was said, sir. I think we sat around and sort of chatted in the general passing of the day, etc. In substance that is all that was said, I can't recall anything material.

The Special Master: I am not trying to heckle you and I don't want to.

A. No, sir.

The Special Master: But so far nobody has suggested any reason on earth for that meeting, and can you remember anything at all that would have occasioned that meeting, calling busy executives, heads of large corporations, together?

A. I think, sir, that the idea was to get a number of them and they could make the one statement, whereas in the other cases they did all of the telephoning around to tell the same story.

The Special Master: That explained the first meeting because it eliminated the necessity for getting hold of 137 people, but according to the second meeting, this second meeting would have no tendency to do that. He didn't get the money from you at the time.

A. But it did enable to explain he was paying 11 and wanted 5 back.

The Special Master: Of course, he would have to explain that to all of the 137 companies if he wasn't expecting those present to take on the load.

A. Well, he did, apparently, to all of them.

The Special Master: I know, and for that reason so far I can't see what the purpose of the meeting was. I can't see what was accomplished. Street himself was an important man in the insurance world, was he not?

A. Yes.

The Special Master: And a very busy man.

A. Yes.

The Special Master: His time was valuable.

A. Yes.

The Special Master: The people whom he called there, their time was valuable, too.

A. Yes.

The Special Master: When he got them there he didn't do anything except what he did to all 137 of the companies.

A. Yes, but they probably represented 50 per cent of the entire interests, the few that were there, and he just told them what the position was and that he wanted this.

The Special Master: I understand, but if he was not getting them to approve it but just telling them what he wanted to do, I still don't understand what the purpose of the meeting was. Now, I thought in sitting there for fifteen or twenty minutes something might have occurred that would throw some light on how it happened to be called.

A. No, sir, I can state definitely there was nothing further discussed but that he was paying out 11 and he wanted back 5 per cent because he was paying out $350,000.00 in legal expenses and no detail was discussed.

The Special Master: If half of the interests there were represented in that small meeting, why, the few that were there were interested to the extent of about $175,000.00, weren't they?

A. Yes, sir.

The Special Master: He wanted $350,000.00 more?

A. Yes—$175,000.00.

The Special Master: He was asking you men there to agree with him that they would put out $175,000.00?

A. Yes. My personal reaction was, "well, we are getting more than we are paying out and that is that much salvage." I regarded—that is how I regarded the whole thing from start to finish.

The Special Master: Did you consider that the thing was entirely out of your hands, anyhow?

A. I did absolutely. I sort of had to follow what comes and if we get something out of it we are thankful for that.

The Special Master: That whatever your technical position might be with the individual companies when it came to this group effort, this kind of combined effort of 137 companies, the actual authority had to be vested someplace else, was that your idea?

A. Yes, and I really looked at it more from our own company than the $175,000.00, how much was involved by our companies.

The Special Master: All right.

Judge Henson: When Mr. Cartlidge testified he was asked if he got any further information after telling about this 11 per cent and he said, "I think there was a telephone call from someone in this office that went direct to Mr. Warner," and then as the reporter has it written up now, he said, "and he came to my home." Of course, I can't repeat the words, but he said they said, "We are sending you a memorandum over with checks and here is what I want." Do you remember any conference? Then he says—the question was asked, "Did you and Mr. Warner confer about the matter," and he answered, "Yes." "What conference did you and Mr. Warner have?" Answer, "Of course, other than this possible single telephone conversation we were together at the only times when the subject was discussed, so it was only in connection with this telephone conversation you might say." Now, do you remember of going to Mr. Cartlidge's home?

A. No, sir. I have been to his home many times because we both live in Forest Hills, but I don't remember discussing any business with him at all.

Mr. Murphy: He may have stated "desk."

Mr. Berger: Let the reporter check her notes.

The Special Master: Let her check it before you stipulate. I am willing for you to stipulate to change, but if that really is his testimony I wouldn't even permit a stipulation. Is that all you want with this witness?

Judge Henson: Yes, sir.

(Witness excused.)

PAUL W. TERRY, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. Please state your name. A. Paul W. Terry.

Q.2. Where do you live, Mr. Terry? A. St. Louis.

Q.3. What is your business? A. Manager of the Missouri Inspection Bureau.

The Special Master: What was it in 1935 and '36?

A. The same.

The Special Master: And since when?

A. Since October, 1919.

Q.4. (By Senator Hollingsworth) Is the Missouri Inspection Bureau individually owned or operated? A. The Missouri Inspection Bureau is Paul W. Terry doing

business as the Missouri Inspection Bureau. It is unincorporated.

Q.5. In a general way what are the functions and duties? A. The purpose of the Missouri Inspection Bureau is the maintaining of fire insurance rates, the filing of schedules for various companies as an actuarial bureau under the rating act of the State of Missouri. It prepares and files general basis schedules, including basic charges, charges, credits, terms, conditions and riders, permits for the doing of fire and tornado insurance business in the State of Missouri.

Q.6. How is it compensated for those services? A. It makes assessments on the members of the bureau.

Q.7. I presume you have a more or less set overhead expense for the ordinary routine? A. Yes, sir.

The Special Master: In what proportion are the assessments made?

A. All companies are assessed on the same basis.

The Special Master: I know it. Will you tell us what the basis is?

A. At the present time?

The Special Master: How do you prorate it among the companies?

A. At the present time, if this will answer your question, we have a 2.9 per cent assessment on fire premiums and a 1 1-2 per cent on tornado premiums and 8 per cent on farm premiums.

The Special Master: I am not trying to get your percentage, but what I mean is, is every company assessed on the basis of its premiums written in Missouri?

A. Yes, sir.

The Special Master: All right.

Q.8. (By Senator Hollingsworth) Was that the situation in 1935 and 1936? A. Yes, sir.

Q.9. And the Missouri Inspection Bureau has been under your direction how long, Mr. Terry? A. Since October, 1919.

Q.10. The fire rate litigation originally began in Missouri in 1922 I believe. A. Yes, sir.

Q.11. And was that done through your recommendation and at your direction or suggestion? A. The 1922 litigation was a defense by the companies against a 10 per cent rate reduction order by Superintendent Hyde.

Q.12. The sixteen and two-thirds started in 1930, I believe. A. Yes, sir.

Mr. Murphy: The filing was made in December, 1939.

Q.13. (By Senator Hollingsworth) Now, from 1922 were Messrs. Hicks and Folonie your chief counsel in the greater part of this litigation? A. They were.

Q.14. Who actually employed the firm of Hicks and Folonie? A. I presume the Subscribers Actuarial Committee.

Mr. Bullitt: We don't want any presumption. It is what he knows.

The Special Master: You are quite right, but it will come out just the same, I know just as well whether it is stricken out or whether it goes in. There has been no evidence adduced.

Mr. Bullitt: We might as well not have any rules of evidence at all.

The Special Master: That is right.

Mr. Bullitt: I just object to it.

The Special Master: All right, that is sustained.

Mr. Bullitt: Sustained, all right.

Q.15. (By Senator Hollingsworth) Did you bring a suit in 1922? A. No, sir.

Q.16. Who brought the suit in 1922? A. The companies.

Q.17. The companies brought the suit in 1922? A. Yes, sir.

Q.18. Did you recommend that suit?

The Special Master: Just a minute. Let him answer the question.

A. I can't say that I did.

Q.19. (By Senator Hollingsworth) Do you know how it came about, that is, who recommended or who finally determined on the institution of the suit? A. Definitely I couldn't tell you.

Q.20. All right. Now, in 1929 and '30 Hicks and Folonie were representing the companies in that litigation? A. Yes, sir.

Q.21. Then these suits were brought, the sixteen and two-thirds percent suits were brought? A. Yes, sir.

Q.22. Did you recommend that the suits be brought after conferring with the counsel? A. Yes, sir.

Q.23. And I presume that you conferred with Messrs. Hicks and Folonie? A. I conferred with Mr. Folonie.

Q.24. And determined that a cause of action existed in behalf of the companies and on the filing of the suits, what did you do then?

The Special Master: Just a minute, now. I wouldn't pay any attention to that statement unless he says that you are right about it. You went ahead and stated a lot that he didn't state.

Senator Hollingsworth: All right, I will get it in the record.

Q.25. (By Senator Hollingsworth) Did you determine that a cause of action existed and that suits be brought?

Mr. Bullitt: Couldn't we possibly adhere to one of the elementary rules of evidence, that is for him to ask him what the facts were and what happened and let him tell, then if he doesn't get what he wants—

The Special Master: Never in the world unless you make objections.

Mr. Bullitt: Well, I object. I will commence objecting on every question.

The Special Master: If you really object, object and I will rule it.

Mr. Bullitt: Just ask him what happened, then you can lead him all you want.

Q.26. (By Senator Hollingsworth) Did you confer with Mr. Folonie about these suits? A. Yes, sir.

Q.27. Was there any decision as to whether the suits should be brought?

Mr. Bullitt: I object.

A. Yes, sir.

Mr. Bullitt: I object.

The Special Master: On what ground?

Mr. Bullitt: On the ground that is calling for the conclusion of the witness instead of stating what the facts are.

The Special Master: I don't think so. He can ask whether they finally agreed on something, and that is what that means.

Q.28. (By Senator Hollingsworth) What did you agree to do? A. Bring the suits.

Q.29. What attorneys brought the suits? A. Mr. Folonie.

Q.30. What did you do with reference to having Mr. Folonie bring the suits? A. I made certain filings with the Insurance Department in December, 1929, for the purpose of securing an increase in the insurance rates. From time to time we postponed the effective date of that increase which was first set for February 1st, until June 1, 1930. Previous to that date, after consultation

with Mr. Folonie, he was directed to bring the suits to sustain that filing, if possible.

Q.31. Who directed him to bring it? A. I did.

Q.32. And what companies were you representing, the whole 137 that became involved in the litigation, at the time you directed him to bring it? A. Representing all stock fire insurance companies.

Q.33. That included these companies in the federal court? A. Yes, sir.

Q.34. Was there any arrangement made at that time about the payment of Mr. Folonie's firm for its services? A. No special arrangement.

Q.35. After the suits were filed were there certain expenses in connection with the litigation as it went on in the way of attorneys' fees? A. Yes, sir.

Q.36. Filing, etc.? A. Yes, sir.

Q.37. Who passed on those bills? A. The Subscribers Actuarial Committee O.K.'d all attorney fee bills.

Q.38. Who sent the bills to the Subscribers Actuarial Committee for approval? A. The attorneys.

Q.39. After the bills were approved by the Subscribers Actuarial Committee, by whom were they paid, if you know? A. I paid the bills.

Q.40. How did you obtain the funds with which to pay the bills? A. Through either a special or regular assessment which we made on our members.

Q.41. You refer to a special and regular. Did you have a time set for your regular assessments? A. Our regular assessments were made as of the fiscal year of April 1st to carry through from April 1st of one year to April 1st of the succeeding year.

Q.42. When you made your assessments were they broken up to show the proportion of each general item of expense? A. No, sir.

Q.43. Was there any information given the companies as to what the assessments covered? A. During some of the years our statements contained a memorandum to the effect that they included litigation expenses.

Q.44. Was that memorandum specially written on the assessment or was it printed thereon? A. Printed on in red ink.

Q.45. Throughout the years from the time of the institution of these suits down to 1935 did you pay the attorneys' bills each year? A. We paid attorney bills from time to time. We never, so far as I can recall, ever had

the attorney bills fully paid up to date at the end of any one particular year.

Q.46. Did you ever pay any attorneys' fees without making an assessment? Did you borrow money at one time to pay attorney fees? A. Yes, I borrowed money several times.

Q47. When you borrowed the money to pay the attorneys' fees, you would give a note to the bank, I presume? A. Yes, sir.

Q.48. Who signed the note? A. In one instance I signed it individually although I believe at that time Mr. Waterworth was associated with me and I signed it "Waterworth and Terry."

Q.49. When did Mr. Waterworth leave? A. Mr. Waterworth died, I think, in 1928.

Q.50. After that how were the notes signed when you gave notes? A. I gave one particular note in December, 1935, which was signed by the Bureau.

Q.51. Your Bureau? A. By the Missouri Inspection Bureau by P. W. Terry. It was also endorsed by myself personally. It was endorsed by Mr. C. R. Street as Agent and was endorsed by Mr. C. R. Street personally.

Q.52. Do you recall whether that paid your attorneys' fees in full up to that date or not? A. It did not.

Q.53. You still owed attorneys' fees after you had expended the money received on the note? A. Yes, sir.

Q.54. That note was given when? A. In December, 1935.

Q.55. Do you recall, Mr. Terry, the years in which you sent out your assessment notices that had printed in red ink a statement that it included attorneys' fees in the Missouri rate litigation? A. Well, I made no mention about attorneys' fees on there, I simply had listed there litigation expenses, and I do not recall the years in which those were sent out.

Q.56. Do you have a form that you used at that time? A. From time to time we have printed forms.

Q.57. Do you have a form with you? A. No, sir.

Q.58. That you used at that time? A. No, sir.

Q.59. Will you state into the record as fully as you can just what that red printed matter contained, the statement as fully as you remember. A. I have no recollection.

Q.60. You couldn't give us the substance of it now? A. You have it in your record introduced, I think, this morning in one form by Mr. Duboc.

Q.61. That was one of them in that letter? A. I glanced at it just enough to see that it had the red ink stamp on it or printing.

Q.62. Now, in the spring of 1935 do you recall the status of your account with Hicks and Folonie? A. I do not.

Q.63. Do you recall that you did owe them some attorneys' fees? A. I owed them tremendous sums of money.

Q.64. For what years would you owe them money? A. Probably as far back as 1932, maybe as far back as 1931 in part.

Q.65. Your account never was balanced throughout those years? A. Not to the best of my recollection it was never balanced.

Q.66. Did you know anything about a fund of $100,500.00 being raised in 1935 for the ostensible purpose of paying legal expenses in this litigation? A. I did not.

Q.67. When did you first learn that any money had been raised other than through your bureau? A. In the early part of this year sometime from the newspapers.

Q.68. That is when the story came out about the corruption? A. Yes, sir.

Q.69. You had no knowledge or intimation of such a fund being raised until that time? A. I did not.

Q.70. Did Charles R. Street ever talk with you about that subject matter or anything of that kind? A. No, sir.

Q.71. When did you first learn that a compromise of the cases was being considered? A. I read considerable about it in the newspapers. My first definite knowledge was along sometime in April, as I recollect it, of 1935.

Q.72. From whom did you receive that information? A. Mr. Street.

Q.73. Where were you when you received it? A. I was in Chicago in his office.

Q.74. Had you gone there for the special purpose of conferring with him about this compromise or were you there on general business? A. I was there on other business is my recollection.

Q.75. Then he brought it up? A. Yes, sir.

Q.76. What did he say to you? A. He said that he was working on a compromise and he wanted me to

prepare rate filings in accordance with that compromise which he had in mind.

Q.77. Did he tell you with whom he had been conferring about a compromise? A. I can't recall that he did.

Q.78. Did he mention the Pendergast organization? A. No, sir.

Q.79. Did he mention Tom Pendergast? A. No, sir.

Q.80. Did he mention O'Malley? A. He may have mentioned Mr. O'Malley.

Q.81. Do you recall in what connection? A. My recollection is indefinite but he may have said that he was discussing a compromise with Mr. O'Malley.

Q.82. Did he tell you anything further about the nature of it? A. Only to the extent that a rate filing of which he made the statement that he promised him in that filing that there would not be an increase over the 100 per cent level.

Q.83. Have you detailed as fully as you can your conversation there with Mr. Street at that time? A. Yes, sir.

Q.84. I believe you said you think that was in April of 1935? A. Yes, sir, because I had to have some time to prepare this filing.

Q.85. Did you come back and prepare that for filing? A. Yes, sir.

Q.86. That schedule? A. In general substance, not in fine detail.

Q.87. That was pursuant to directions from Mr. Street? A. Yes, sir.

Q.88. Then what was the next thing that you heard or did in connection with that? A. Directly or indirectly from Mr. Street I got a request to be in Kansas City on May 14th at the Muehlebach Hotel to attend a conference in connection with the compromise.

The Special Master: So this talk about getting up schedules happened before you came to Kansas City?

A. Yes, sir.

The Special Master: To the meeting about the compromise?

A. Yes, sir.

Q.89. (By Senator Hollingsworth) I believe you stated now that that was about May 14th? A. I believe that is the date.

Q.90. That you heard from Mr. Street to come to Kansas City. How did you hear from Mr. Street? A. I

probably was told when I was in Chicago. I have no recollection of having any correspondence from him, any telegram from him or even a telephone conversation from him.

Q.91. Were you in Chicago from the time you met him there in April and got your first information, between that and May were you in Chicago and conferring with Mr. Street at different times? A. I probably had one conference in Mr. Street's office with him following our first conference, but I am frequently in Chicago.

Q.92. Was the compromise discussed at that time? A. Yes, sir.

Q.93. Did you get any further information about with whom he was negotiating? A. No, sir.

Q.94. Nor the terms of it? A. No, sir.

Q.95. Then you came here on May 14th and attended a meeting in Kansas City? A. Yes, sir.

Q.96. Whom did you come with? A. By myself.

Q.97. No one accompanied you? A. No, sir.

Q.98. When you came here whom did you first see and talk to about the matter? A. I don't know just whom I did see first. I probably saw Mr. Parker about the first.

Q.99. John T. Barker? A. No, J. V. Parker.

Q.100. Mr. Parker is who? A. He was at that time the secretary of the Subscribers Committee and the manager of the Western Actuarial Bureau and my consulting actuary.

Q.101. Where did you see Mr. Parker? A. I probably saw him in the hotel.

Q.102. Was the meeting to be held here in the Muehlebach Hotel? A. Yes, sir.

Q.103. Did Mr. Parker give you any information about the compromise? A. No, sir.

Q.104. Did you talk with anyone about the compromise before you actually went into the meeting? A. No, sir.

Q.105. Did you see Mr. Street and confer with him before you went into the meeting? A. No, sir.

Q.106. About when did the first meeting that you attended convene, was it in the morning? A. In the morning, what time I can't tell.

Q.107. Who was present at that meeting? A. There was Mr. Street, Mr. O'Malley, Mr. McCormack, Mr. Parker, also Mr. Barker, Mr. McHaney and I believe Mr. Poor.

Q.108. I think all of those men have been identified in the record before so I won't go into that. Mr. Street was there? A. I named him first.

The Special Master: Was Mr. Folonie there?

A. Mr. Folonie was there.

Q.109. How long did the meeting last, until the noon hour? A. I don't know how long the meeting lasted that I attended because during the course of the morning it is my recollection that Mr. Parker and Mr. Folonie and myself were asked to leave the room.

The Special Master: Did you say Parker or Barker?

A. Parker.

The Special Master: Would you mind giving the first names of these two when you talk about Parker and Barker, I am afraid we will get it down wrong.

A. I will try and help you the best I can.

Q.110. (By Senator Hollingsworth) Now, up until the time that you and Mr. Parker and Mr. Folonie—anyone else requested to leave? A. Well, I can't remember any others.

Q.111. Just tell what transpired at that meeting up until that time. A. Well, there was quite a little discussion over the question of attorneys' fees for the attorneys for the state, over an allowance for state expenses, some discussion in connection with the payment of the agents' commissions on the funds which had been impounded; practically no discussion as I can recall with reference to the rates or the rate levels, but there may have been a little bit of discussion, probably was, on the subject of hail coverage in connection with tornado policies. I have a recollection of a discussion particularly about a recent hail storm which attacked Richmond, Missouri, where they had sustained a heavy loss and had practically no hail coverage.

Q.112. Before you were asked to retire from the meeting, had any agreement been reached on any phase of the compromise? A. Not that I can recall.

Q.113. All these matters had been discussed? A. Yes, sir.

Q.114. Who asked you to leave the room? A. Mr. Street.

Q.115. What particular phase of the matter was under discussion and consideration at the time you were asked to leave the room? A. I have no recollection.

Q.116. Can you recall the circumstances under which you were asked to leave? Did he just say that

like a bolt out of the blue or were you expecting it or just tell as fully as you can your recollection about it. A. I have no recollection.

Q.117. When you left the room, you gentlemen, who remained in the room? A. I can't tell you definitely. Mr. Street and Mr. O'Malley were there definitely, and I can't tell you whether the other gentlemen left or stayed. I paid no attention to the other gentlemen.

Q.118. Were you given any directions about returning? A. No, sir.

Q.119. Or being available in the event you were to be called back? A. No, sir.

Q.120. Did you know at the time you left whether you were to be called back into the meeting again or whether you had left it finally? A. We did not.

The Special Master: Were you called back?

A. Never were called back.

Q.121. (By Senator Hollingsworth) Where did you stay? Did you keep yourselves available? A. We kept ourselves available. Most of the time we were in an adjoining room with the door closed.

Q.122. That is, you and Mr. Folonie? A. And J. V. Parker.

Q.123. How long did you stay around there and know that the meeting was in progress in the adjoining room? A. Until along in the early evening.

Q.124. About what time in the early evening? A. Oh, I would say somewhere around 4:30 or 5:00 o'clock.

Q.125. Then what happened at that time? A. Mr. Street came out and announced they had reached a compromise.

Q.126. Was there any explanation given to you as to why you were requested to withdraw from that meeting? A. No, sir.

Q.127. Do you have any knowledge as to why you had been requested to withdraw? A. No, sir.

Q.128. Did Mr. Folonie make any statement as to why you had withdrawn or been requested to withdraw? A. Not that I can recall.

Q.129. Do you have any way of knowing what matters were under discussion there in the adjoining room? A. No, sir.

Q.130. Had there been any friction between you three and the other members in regard to any matter there? A. You mean between the three of us?

Q.131. Any friction between the three of you or any one of the three on the one hand and the parties who remained on the other. A. I sensed the friction between Mr. Folonie and Mr. Street.

Q.132. What was it that occurred to cause you to sense some friction there? A. Well, I don't know as I could put my hand on any one particular phase of it.

Q.133. When Mr. Street came out and announced that a compromise had been effected, I believe, did he tell you the terms of it? A. In a general way, yes, sir.

Q.134. What did he say? A. I have no recollection.

Q.135. Or was it in the terms in a general way in the written stipulation? A. Yes, sir.

Q.136. What did you do then? Were you called back into the meeting? A. No, sir.

Q.137. You never attended any further meetings? A. No, sir.

Q.138. Did you get any information other than what Mr. Street gave you three there at that time? A. No, sir.

Q.139. When did you leave Kansas City? A. I think I left Kansas City the next night.

Q.140. From the time that Mr. Street gave you this information in the late afternoon up until you left Kansas City did you attend any function or conference of anybody in connection with this matter? A. No.

Q.141. Did the matter receive any publicity in the newspapers the next day? A. I think it did.

Q.142. Did you see and talk with Mr. Street at any time after that meeting and up until you left for your home? A. Not in connection with the compromise. I may have seen him.

Q.143. Would it be just casual or social? A. That is all.

Q.144. Did anyone return on the train with you? Did you go on the train? A. Yes, sir.

Q.145. Did anyone return with you to St. Louis? A. No, nobody.

Q.146. Were you in conference with McCormack at any time during that period? A. No, sir.

Q.147. Was McCormack in the room when you and Folonie and J. V. Parker withdrew? A. I believe he was.

Q.148. What is your best recollection as to the other participants whom you have named? You are quite definite that Mr. Street and Mr. O'Malley were there.

Do you feel reasonably sure that McCormack was there? A. No.

Q.149. Now, in regard to the others, say Mr. John T. Barker? A. I have no recollection.

Q.150. Mr. McHaney? A. No recollection.

Q.151. Mr. Poor? A. No recollection.

Q.152. You only have a pretty definite recollection as to those three men? A. Yes, sir.

Q.153. When you returned home what was the next thing that you did in connection with it? A. In a general way I started to prepare the details of our filings.

Q.154. Did you have any conference with Mr. Street in regard to the matter? A. No, sir.

Q.155. You knew when the federal decree was entered? A. I read about it in the newspapers. I wasn't here when it was actually entered.

Q.156. When did you first learn of a 5 per cent assessment for legal expenses? A. In the early part of this year from the newspapers.

Q.157. Prior to that time you hadn't any information about that assessment at all? A. No, sir.

Q.158. Did you make any assessment through your bureau for any legal expenses in the year 1935? A. Special legal expenses, no, sir.

Q.159. Did you make a general assessment in '35? A. We make one every year, yes, sir.

Q.160. Did that include legal expenses for the rate litigation? A. It included excess expenses over the regular bureau expenses, yes.

Q.161. Was there any notation in that letter or that assessment as to the assessment covering any legal fees in regard to the Missouri litigation? A. My best recollection, no.

Q.162. Did you make an assessment in 1936? A. The regular assessment which was still in an excess amount over the regular expenses of the bureau.

Q.163. A part of that assessment in the years 1935 and '36 did go to apply on attorneys' fees? A. In 1935, and I believe some went in 1936 but I am not positive about 1936.

Q.164. You didn't know of any attorneys' fees being paid by any other method in connection with this litigation? A. I knew that certain expenses were being paid in 1936 out of the trustees' account, yes, sir.

Q.165. Then those were the expenses which were agreed on in the stipulation for settlement and, I believe, in the decree? A. Yes, sir.

Q.166. But other than through your bureau and then by the trustees out of the 30 per cent fund, you knew of no money being expended for legal expenses? A. That is right.

Q.167. And that condition—that was the fact during the entire time of the litigation from 1922 on down that you knew of no attorneys' fees or other legal expenses being paid except through assessments made by your bureau? A. I think that is true.

Q.168. Were you present here, Mr. Terry, at the time a number of the insurance executives came here to testify, I believe before the Federal Grand Jury this year? A. I preceded any of the executives.

Q.169. Sir? A. I preceded any of the executives. I was not here present.

Q.170. You were not here, and did you have any discussion with any of the executives before you came here? A. No, sir.

Q.171. They never undertook to tell you anything about it at all? A. No, sir.

Q.172. Did any of the executives talk with you after you had been here before the Federal Grand Jury? A. No, sir.

Q.173. So no insurance executives have ever undertaken to tell you their knowledge or lack of knowledge concerning the matter? A. No, sir. I think that is true.

Q.174. Do you know of any other fact or circumstance that might throw any light on this matter? A. I don't.

Q.175. Will you state, Mr. Terry, what the rate change was that you were instructed to prepare there in your meeting? I mean in a general way.

The Special Master: Put it that way.

Q.176. (By Senator Hollingsworth) In April of 1935, just in a bare outline. I don't want the details. A. The bare outline, I would say, was that in consultation with our actuary we had previously drawn up figures which were approximately between the 105 level and the 90 level. This was done in the summer of 1934. However, at that time we contemplated it was very essential to get increases on certain particular classes,

and those increases were the increases which were forgone after my conference with Mr. Street in 1935.

Q.177. You mean the April conference of 1935? A. Yes, sir.

The Special Master: Now, the settlement, under the settlement, Mr. O'Malley put a new rate schedule into effect, didn't he?

A. Yes, sir.

The Special Master: Which raised the rate level over the one that Mr. Hyde had fixed?

A. Theoretically.

The Special Master: Yes, I know, but it raised the level, I said. It raised the level?

A. I am not so ready to say it raised the level.

The Special Master: Well, what percentage?

A. But the minimum or maximum figure that Mr. Street set up in the compromise was about 97 1-2 per cent.

The Special Master: I know, but what I am getting at is, while he raised the level but at the same time by rerating individual classes of risks, it didn't come out just exactly that way. That is what happened, isn't it?

A. Yes, it come out very much lower.

The Special Master: In other words, while he got the raise in the rate level, but then when you reclassified your risks the effect on the gross income of the Missouri companies did not amount to what it would if you had just put in that raise of level and let it go at that. That is what happened, wasn't it?

A. That is right.

Q.178. (By Senator Hollingsworth) Did your Bureau pay Mr. Street any compensation or expenses in any way? A. No, sir.

Q.178½. How he was reimbursed or paid compensation, if he was repaid, compensation or expenses, you don't know? A. There might have been a question of having reimbursed him at sometime for expenses where the bill might have been rendered to the Western Actuarial Bureau and we may have reimbursed the Western Actuarial Bureau for expenses, but so far as compensation is concerned, no.

Q.179. The only possibility would be expense items? A. Frequently committee expenses were paid directly by the Western Actuarial Bureau to the Subscribers Committee. I remember one time, Mr. Hollingsworth, that I paid Mr. Street's expenses direct to

Kansas City, and that I may have advanced him expenses on return fares to Chicago. At one time when he was in Kansas City attending a meeting of the Kansas City Chamber of Commerce in 1930, I can't even recollect whether we did at that time or not, but we have done so once or twice for committee members.

Q.180. To what extent did you advise the companies in regard to the progress of the litigation from time to time? A. Occasionally we sent out circulars to the companies. Most of the circulars were sent out by the Subscribers Actuarial Committee.

Q.181. But you did send out circulars? A. We sent out a few circulars.

Q.182. Do you have those circulars? A. I have most of them with me, yes, sir.

Q.183. Will you let us have them? (Witness complies.)

The Special Master: While they are looking at those notices, as I understood you you said that you authorized Mr. Folonie to bring the suits. That would indicate that he was your counsel. Well, according to the story you have told you took no part in the compromise except perhaps as an actuary and I want to understand, and furthermore, it seems like you took part in O. K.'ing what the expenses should be, that you took the O. K. of the Actuarial Committee on that and paid whatever they O. K.'d. That isn't very clear.

A. Well, I have always assumed without knowing the legal aspect of it, that all I did was to start the suits and the suits were not carried along in the name of the Missouri Inspection Bureau but in the name of the individual companies.

The Special Master: I know that.

A. And, as a matter of fact, a number of these companies vetoed it, the bringing of the suit, either dismissed the suits themselves or instructed the attorneys to dismiss the suits and ceased to be parties to the litigation of any kind.

The Special Master: I know that, but when you say you authorized Mr. Folonie to bring the suits, now, that statement standing that way that would indicate that he had to look to you for his authority, the question as to whether he should settle the suit or not settle the suit was a matter for you to decide, that he would have to take it up with you, yet you go ahead with your testimony

and so far as I have been able to tell, that isn't the way it happened at all.

A. After the suits were started the responsibility was up to the Subscribers' Actuarial Committee.

The Special Master: That is what I was trying to get at. All right. The question as to whether or not the suit should be brought depended upon whether or not the figures would show according to your ideas a reasonable return?

A. Yes, sir.

The Special Master: That was, you considered, an actuarial problem?

A. Yes.

The Special Master: That is what you passed on in the first place?

A. Yes, sir.

The Special Master: All right.

Q.184. (By Senator Hollingsworth) I show you Defendants' Exhibit 115, which purports to be a copy of a circular letter sent out by you under date of June 12, 1935. Did you send that to all of the companies? A. The letter of June 12, 1935, was sent to the companies and to all agents.

The Special Master: To all of the companies and all of the agents?

A. To the best of my knowledge, yes.

Q.185. (By Senator Hollingsworth) You did send out a circular, did you not, which I am reasonably sure was marked Defendants' Exhibit 116, with that letter in which you gave a complete summary of the proposed rate litigation settlement? A. Yes, sir.

Q.186. That went to all of the companies? A. Yes, sir.

The Special Master: And to all of the agents?

A. To all the agents. Now, as you will note, the circular is addressed to the agents, but it is our usual practice to send the companies copies of everything we send to the agents so that they can be fully advised as to what their agents have.

Senator Hollingsworth: I think that is all, Mr. Terry.

The Special Master: Just one question. In addition to this pamphlet, this enclosure they spoke of, on the second, third and fourth pages there was also an explanation of the proposed new rates going into effect?

A. Yes, sir.

The Special Master: Mr. Terry, Mr. Street, as I understand you, told you when you were in his office at Chicago, that he was contemplating a settlement and that was before any settlement was agreed upon?

A. Yes, sir.

The Special Master: Did you talk to Mr. Folonie at all about the fact that there was a contemplated settlement?

A. I very probably talked to him about that feature, I am not sure.

Mr. Bullitt: You are not what?

A. I very possibly may have told him that Mr. Street told me he contemplated a settlement.

The Special Master: What did Mr. Folonie tell you about the terms of the settlement?

A. He didn't know anything about the terms of the settlement.

The Special Master: Is that what he said or is that just your conclusion? Did he tell you that he didn't know anything about the terms of the settlement?

A. I have no definite recollection to answer that definitely, but it was the conclusion.

The Special Master: From whatever he said you came to the conclusion he didn't know about the terms of the settlement?

A. Yes, sir.

The Special Master: All right, but he did know that the settlement was in the air?

A. Yes, I think we all knew it from the newspaper comments.

The Special Master: All right.

Cross Examination by Mr. Bullitt.

XQ.187. Was this meeting that you had when you were asked to go out of the room the first time that you had any knowledge or had ever sensed any trouble between Mr. Street and Mr. Folonie? A. No, sir.

XQ.188. How long before that had you known or sensed that there was trouble between Mr. Street and Mr. Folonie? A. I would say probably for several years.

XQ.189. What was the nature of the trouble between Mr. Folonie and Mr. Street, and just tell us in your own way all the facts that are within your knowledge that caused you to think there was trouble between Folonie and Street. A. Mr. Street expressed himself once or twice to me that he had little or no use for any

and so far as I have been able to tell, that isn't the way it happened at all.

A. After the suits were started the responsibility was up to the Subscribers' Actuarial Committee.

The Special Master: That is what I was trying to get at. All right. The question as to whether or not the suit should be brought depended upon whether or not the figures would show according to your ideas a reasonable return?

A. Yes, sir.

The Special Master: That was, you considered, an actuarial problem?

A. Yes.

The Special Master: That is what you passed on in the first place?

A. Yes, sir.

The Special Master: All right.

Q.184. (By Senator Hollingsworth) I show you Defendants' Exhibit 115, which purports to be a copy of a circular letter sent out by you under date of June 12, 1935. Did you send that to all of the companies? A. The letter of June 12, 1935, was sent to the companies and to all agents.

The Special Master: To all of the companies and all of the agents?

A. To the best of my knowledge, yes.

Q.185. (By Senator Hollingsworth) You did send out a circular, did you not, which I am reasonably sure was marked Defendants' Exhibit 116, with that letter in which you gave a complete summary of the proposed rate litigation settlement? A. Yes, sir.

Q.186. That went to all of the companies? A. Yes, sir.

The Special Master: And to all of the agents?

A. To all the agents. Now, as you will note, the circular is addressed to the agents, but it is our usual practice to send the companies copies of everything we send to the agents so that they can be fully advised as to what their agents have.

Senator Hollingsworth: I think that is all, Mr. Terry.

The Special Master: Just one question. In addition to this pamphlet, this enclosure they spoke of, on the second, third and fourth pages there was also an explanation of the proposed new rates going into effect?

A. Yes, sir.

The Special Master: Mr. Terry, Mr. Street, as I understand you, told you when you were in his office at Chicago, that he was contemplating a settlement and that was before any settlement was agreed upon?

A. Yes, sir.

The Special Master: Did you talk to Mr. Folonie at all about the fact that there was a contemplated settlement?

A. I very probably talked to him about that feature, I am not sure.

Mr. Bullitt: You are not what?

A. I very possibly may have told him that Mr. Street told me he contemplated a settlement.

The Special Master: What did Mr. Folonie tell you about the terms of the settlement?

A. He didn't know anything about the terms of the settlement.

The Special Master: Is that what he said or is that just your conclusion? Did he tell you that he didn't know anything about the terms of the settlement?

A. I have no definite recollection to answer that definitely, but it was the conclusion.

The Special Master: From whatever he said you came to the conclusion he didn't know about the terms of the settlement?

A. Yes, sir.

The Special Master: All right, but he did know that the settlement was in the air?

A. Yes, I think we all knew it from the newspaper comments.

The Special Master: All right.

Cross Examination by Mr. Bullitt.

XQ.187. Was this meeting that you had when you were asked to go out of the room the first time that you had any knowledge or had ever sensed any trouble between Mr. Street and Mr. Folonie? A. No, sir.

XQ.188. How long before that had you known or sensed that there was trouble between Mr. Street and Mr. Folonie? A. I would say probably for several years.

XQ.189. What was the nature of the trouble between Mr. Folonie and Mr. Street, and just tell us in your own way all the facts that are within your knowledge that caused you to think there was trouble between Folonie and Street. A. Mr. Street expressed himself once or twice to me that he had little or no use for any

lawyers of any kind or description. He said, "I can handle things better than any lawyers," so that I sensed from my contact with Mr. Folonie that from time to time Mr. Street felt that the rate cases were being more or less delayed upon the part of the attorneys rather than pushing them to a quick and early conclusion, and Mr. Street seemed to resent that.

XQ.190. What did Mr. Street ever say to you or in your presence indicating dissatisfaction with Mr. Folonie and Mr. Berger or either of them in the way they were handling the case? A. Nothing concrete, just general statements.

XQ.191. Did he ever talk about getting some other lawyers to either supplant them or to assist them? A. I have a recollection at one time that he thought about employing lawyers, one or more, for certain specific phases, just what those phases are at this time I can't recall.

XQ.192. It was during the sixteen and two-thirds percent litigation? A. It was during the time the litigation was on.

Re-Direct Examination by Senator Hollingsworth.

RDQ.193. When was it he contemplated hiring some other attorneys during some particular phase of this case? A. I think it was probably in 1934. I have no definite recollection as to time.

RDQ.194. But in 1935 you never heard anything of that kind? A. I have no recollection of any intimation of that kind.

RDQ.195. He just didn't like any lawyers, as I understand it? A. He just didn't like any lawyers, that is right.

Senator Hollingsworth: That is all.

(Witness excused.)

The Special Master: We will adjourn until ten o'clock Monday morning.

Whereupon, the further taking of testimony in said case was adjourned to Monday, September 11, 1939.

MORNING SESSION, MONDAY, SEPTEMBER 11, 1939.

Pursuant to adjournment as aforesaid, at ten o'clock a. m. of said Monday, September 11, 1939, at the Muehlebach Hotel, in Kansas City, Missouri, came again the same parties, present and presiding as before, and the taking of testimony continued as follows:

HOMER H. BERGER, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Senator Hollingsworth.

Q.1. Please state your name. A. Homer H. Berger.

Q.2. Where do you reside, Mr. Berger? A. Kansas City, Missouri.

Q.3. What is your profession? A. Lawyer, attorney at law, whichever is more accurate.

Q.4. Mr. Berger, how long has your firm been connected with the fire rate litigation here in Missouri? A. The firm employment started in May, 1930.

Q.5. I believe in recent years it has been more or less under your direct control? A. Since September, 1930, I have been the one that in our firm has been doing it with Mr. Folonie.

Q.6. During that period of time Hicks and Folonie have generally been chief counsel in the case? A. Well, we have always looked to Mr. R. J. Folonie as chief counsel.

Q.7. Now, on this particular issue involved here, we will get down to the matter of the compromise. When did you first hear any discussion of the compromise that finally became effective in May of 1935? A. Sometime in the spring of 1935. I can't fix any exact date but my best recollection is the latter part of February or the early part of March I was in Jefferson City on some matters and I heard that there had been a conference in the Governor's office in which the Superintendent of Insurance and his counsel and Mr. Street had been present. I made inquiry of Mr. Folonie and he said that yes, that he had known of such a meeting but he was not present. The newspapers carried repeated stories. I received a phone call, I would put it on the 13th of May—the meeting here in the Muehlebach has been set on the 14th—from Mr. Folonie, saying that there was to be a meeting here the following day leading up to settlement of the litigation.

Q.8. Now, at that time had you learned anything about the tentative negotiations, as to their nature? A. As to the details and nature, no, just the fact there was a discussion of settlement of the litigation.

Q.9. From whom did you learn in Jefferson City that there had been some discussion in the Governor's office? A. I really can't remember, Mr. Hollingsworth,

who it was. It was a matter more or less of common talk around Jefferson City at that time.

Q.10. Where were you and Mr. Folonie when you first asked him if he knew anything about it and he told you, I believe, that there was some discussion? A. We were there in Jefferson City at that time. We were working with what we call the restitution suit.

Q.11. Did he give you any further details about it whatever at that time? A. He told me he knew nothing other than the fact that there had been a conference and that Mr. Street had told him some considerable time before that he was not to have anything to do with the settlement.

Q.12. Then when the meeting was called here for the Muehlebach Hotel did you have any further explanation concerning the compromise? A. Not until after the meeting was over, the following day.

Q.13. Did you attend a meeting for the compromise here at the Muehlebach? A. No, sir, I was not invited.

Q.14. You were not in conference with any of the parties negotiating the compromise in any way or manner? A. You mean on that date?

Q.15. On that date. A. No, sir.

Q.16. You were here in Kansas City at that time? A. Yes, but, as I say, no one invited me to come so I didn't come.

Q.17. You didn't attend. There were no conferences in your office prior to the meeting? A. No, sir.

Q.18. Then after the meeting was concluded, I presume that you learned that a tentative agreement had been made? A. Mr. Folonie called me that evening sometime and said that he and General Barker would be in my office the following morning.

Q.19. Did you see Mr. Folonie before he and General Barker came to your office? A. No.

Q.20. General Barker was the attorney representing the Insurance Department, I believe? A. Yes, I would say that he was, probably; if they had a chief counsel, I would say he would carry the designation of "chief counsel" for the Insurance Department in this case.

Q.21. After they came to your office did they confer with you together there? A. I wouldn't say they conferred with me. They undertook, between them, to dictate, put down on paper the settlement agreement which was later signed.

Q.22. It was during that conference that you learned of the general terms of the compromise? A. Yes.

Q.23. Now, at that time did Mr. Folonie have any discussion with you in which he revealed to you any of the negotiations? A. No, other than just what the results were.

Q.24. Did he inform you at that time that he had been excluded from the room? A. I think he did.

Q.25. That was, I believe, on May the 14th? A. That would be on the 15th. They were there in my office the 15th and 16th.

Q.26. Up until that time had you ever heard anything in regard to a fund of $100,500.00 having been paid out by certain insurance companies and eventually going into the hands of Mr. Street? A. No, sir, the first I ever heard of that was the early part of this year when Mr. Milligan, as *amicus curiae* and Mr. Henson as attorney for the Insurance Department filed a motion in these cases asking that the trustees under the final decree file a report in court.

Q.27. Up until that time you hadn't even heard anything in regard to this fund of $100,500.00? A. I had heard in a rumor solely from Mr. Eckert in the spring of 1938 that Mr. Street during his lifetime had had some income tax controversy over some money that he had gotten from the companies, and Mr. Eckert asked me if I had heard about it and I said no. That is all that was said.

Q.28. That was the extent of your knowledge? A. That was the extent of my knowledge.

The Special Master: What Mr. Eckert is that?

A. Mr. Walter Eckert, attorney at Chicago.

Q.29. (By Senator Hollingsworth) Mr. Eckert, I believe, is the attorney now for the executor of the estate of Mr. Street? A. So I understand, yes.

Q.30. Did Mr. Folonie ever mention to you the subject of having received checks aggregating this sum and endorsing them over either individually or through his firm to Mr. Street, the sum of $100,500.00? A. I don't think it was mentioned until, as I say, after these motions were filed in the federal court. Now, he may have told me before. If he did it didn't impress me and I didn't remember it, but I know that after that was filed he explained the thing in detail at the time of the preparation of the report.

Q.31. But to the best of your recollection he never mentioned it to you until the Grand Jury proceedings, subsequent to the Grand Jury proceedings in 1939? A. These motions were a little before the Grand Jury proceedings.

Q.32. Approximately—

Judge Henson: But were in the year 1939?

A. Yes, my recollection is the latter part of January or the early part of February, a short time before the Grand Jury activity.

Judge Henson: It was February.

A. February, well, I am not sure of the date.

Q.33. (By Senator Hollingsworth) Of course, you have represented the plaintiffs in these cases throughout this hearing? A. Yes, sir.

Q.34. You are familiar with all of the testimony that has been given in these hearings? A. Yes, sir.

Q.35. Now, referring to the 5 per cent assessment made by Mr. Street in the spring of 1936, you know to what I am referring? A. Yes, sir.

Q.36. After they had or about the time they received an 11 per cent distribution from the trustees? A. Yes, sir.

Q.37. Did you have any knowledge that this action was going to be taken in any way, that the 5 per cent assessment was going to be made? A. No.

Q.38. When did you first learn that such an assessment had been run against the companies? A. Well, I would say that I first actually learned it when we took the testimony of these executors. There was some talk or some reference made in the motions that I spoke about a little while ago that were filed as to the trustees' report about $100,500.00 and $450,000.00 additional sums. That was the first time that I had heard even any rumor that a 5 per cent or that any monies had been collected from the companies. There wasn't any occasion or any position to know.

Q.39. That was the first information you had in regard to either of these funds, either the first fund or the 5 per cent fund? A. Yes.

Q.40. After you obtained the information the early part of 1939 that these funds had been raised and apparently distributed for a corrupt purpose, did you obtain any information from any insurance executive in which he revealed to you any knowledge on his part concerning

it? A. You mean any knowledge as to what the fund was to be used for?

Q.41. Any knowledge that came to him prior to the time that it was revealed to the general public? A. No, there isn't anyone that even intimated that he had any suspicion. Now, I am speaking, of course, of their knowledge prior to the expose by the Grand Jury investigation.

Q.42. Then at the time of the federal decree in 1936 did you sign any of the orders or stipulations for orders or motions? A. I, in conjunction with Mr. Folonie—we prepared in my office the motions for a decree and I verified that motion.

Q.43. At the time you verified that motion did you believe this was a compromise that had been made in good faith? A. Absolutely or I would not have verified it or even signed the motion.

Q.44. How long were you attorneys together, you and Mr. Folonie, in the process of final drafting and getting into final form the stipulation for settlement? A. Well, I would say, Mr. Hollingsworth, we spent the greater part of two days doing it. Now, the reason why it took that time was there were several things that when it came down to put on paper that Mr. Folonie and Mr. Barker were not quite clear about which necessitated reaching Mr. O'Malley on the telephone on Mr. Barker's part, and reaching Mr. Street on Mr. Folonie's part. The 30 per cent that went to the trustees came into existence during the time of putting the agreement down on paper because as part of the agreement the attorneys' fees of $500,000.00 were to be paid to the attorneys for the Superintendent of Insurance, and $200,000.00 was to be paid to the State of Missouri in reimbursement of their expenses by paying through the Superintendent of Insurance and that trust fund was created as a means of making immediately available that money, then the rest of the time as something would be dictated, we would sit around and tell stories while the girls was transcribing it, and then it would be redictated. That is what most of the time was taken up on.

Q.45. At the time the 30 per cent was discussed was it considered it would be adequate for the payment of all expenses in connection with the litigation? A. It was anticipated that it would. We did not know what all the expenses might be. It was discussed at that time, without Mr. Folonie revealing any figures, that the companies were way behind in paying his compensation. Of

course, the settlement contemplated the settlement of the state case as well as the federal court case. The principal of the impoundment in Jefferson City had been depleted to pretty nearly $100,000.00 by allowance out of the principal. There were matters of allowances to special masters and the referees and injunction bonds and everything else that we had no way of knowing at that time just what all the expenses were going to be, but it was hoped, it was contemplated that the 30 per cent would be more than adequate to do it.

The Special Master: Otherwise you would have set up more?

A. Yes, we figured if the 30 per cent wasn't enough we would have made it 35.

Q.46. (By Senator Hollingsworth) You wanted to be very sure you were setting up an adequate fund? A. Yes, we felt sure it was more than adequate.

Q.47. During all of that discussion was there any mention made of the payment of any expenses in connection with the litigation by assessment against the companies or any number of the companies? A. No, there wasn't any discussion at that time.

Q.48. Either by a percentage or by arbitrary assessment? A. No. Of course, at that conference were just Mr. Barker, Mr. Folonie and myself.

Q.49. Who notified you of the meeting to be held here in the Muehlebach on the 14th? A. Mr. Folonie called me. Incidentally, he said that I wasn't supposed to know and was to keep it confidential.

Q.50. During the time of that meeting or your meetings when you were drafting the stipulations and orders for settlement, did you confer with Mr. Street or see Mr. Street? A. No, I only saw Mr. Street three times in my life.

Q.51. Just for the purpose of the record, would you tell us when those three times were? A. Well, the first time I met Mr. Street is when he appeared as a witness in Chicago before the Master when we were taking evidence on the case. Another time I went with Mr. Folonie to confer with Mr. Street something about the restitution case, I forget just exactly what the subject matter was. We were there just a very few minutes.

The Special Master: Mr. Berger, this case that we are now trying is sometimes referred to by witnesses as the "restitution case." Will you make it a little clearer?

A. By the "restitution case" I mean the motion of restitution was that filed in the old *Aetna* v. *Hyde*.

The Special Master: In the state court?

A. Yes.

Q.52. (By Senator Hollingsworth) I would like to have, if you could, give me those approximate dates. Well, may I ask you this, did you see Mr. Street in the year 1935? A. It may have been in the early part of 1935 that I saw Mr. Street because that is when the restitution, what we call the restitution case was pressing, but I have no way of fixing that time at all. That restitution matter went on from 1931 to '35 and, as I say, my best impression is that it was sometime after December, 1934, after the judgment requiring the companies to file account with the Circuit Court of Cole County. Now, just when that was I couldn't state.

Q.53. You never had any discussion with Mr. Street in regard to the compromise of this case? A. Oh, no, no, and the third time, I started to say, that I saw Mr. Street was at the time he appeared as a witness before the legislative committee in the spring of 1937.

Senator Hollingsworth: I think that is all, Mr. Berger.

(Witness excused.)

BERNARD M. CULVER, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Judge Henson.

Q.1. Mr. Culver, what was your position with the Continental Insurance Company group in the years 1935 and 1936? A. In 1935, I presume you refer really to the spring of 1935?

Q.2. Yes, particularly in May. A. I was president of each one of the companies in the group.

Q.3. Will you name the companies? A. The Continental.

Q.4. Continental. A. Fidelity Phenix.

Q.5. Insurance Company? A. Right. The Niagara Fire Insurance Company, the American Eagle Fire Insurance Company, First American Insurance Company and Maryland Insurance Company and the Fidelity & Casualty, which, of course, are not interested.

Q.6. The last two that you have named, the Maryland and the Fidelity & Casualty, were in the state court?

Mr. Murphy: No, the Casualty Company was not.

A. No, that is only a casualty company and the Maryland was in the state court.

Q.7. Now, you say then in May, 1935, you were president of all these companies? A. That is right.

Q.8. Do you know the amount of their impoundments in this Missouri rate case at that time? A. Well, I don't know exactly. I have always thought of it as around $750,000.00. I think it is a little more or a little less.

The Special Master: Are you going to introduce that exhibit?

Judge Henson: No, sir, I would just like to get the figure in.

A. That (indicating) is right.

Judge Henson: I guess Homer will agree it is $746,000.00.

Mr. Berger: That is the impoundings to May 1, 1935.

Judge Henson: $746,462.00.

Mr. Berger: We have Mr. Campbell here from the custodian's office who is going to put in all of those impoundments later on.

Judge Henson: Pardon me, I had forgotten that. It has been several days since we talked about it.

Q.9. (By Judge Henson) Now, Mr. Culver, when did you first hear of a compromise of this litigation? A. Oh, whenever—

Q.10. Was it about May 2? A. May 2, 1935.

Q.11. Was it the day that a group of you met in Mr. Haid's office in New York? A. That is correct.

Q.12. And if that was the date, that is when you first heard of it? A. That is right.

Q.13. When did you first get notice of that meeting and from whom? A. Well, my recollection is that I got notice in the morning of that day from Mr. Haid by telephone to the effect that he was asking a few chief executives to meet in his office that afternoon and whether he gave me the purpose of the meeting or not, I don't remember.

Q.14. You attended the meeting? A. Yes, it was entirely informal. There was no formal notice.

Q.15. Do you recall anyone else from your companies or group that attended with you? A. No, I was alone as far as other people from my own company.

Q.16. You don't think Mr. Sturm attended? A. No, he did not attend.

Q.17. Now, about what time did that meeting convene? A. Well, my recollection is that it was about 2:30.

Q.18. In the afternoon? A. Yes.

Q.19. How long did it last? A. Well, it was a comparatively short meeting, I would say at the outside a half hour; it might have been twenty minutes; it was a short meeting.

Q.20. A while ago you stated it was an informal meeting. What do you mean by that? A. Well, I mean that there was no formal written notice sent out that there was to be such a meeting. Ordinarily on meetings in New York with committees we are notified by letter or formal notice of such meeting. This was, as I recollect, over the telephone.

Q.21. Do you recall whether the notification over the telephone advised you that Mr. Street was in town and he would be at the meeting? A. I can't answer that definitely; I can't answer that question.

Q.22. Well, state whether or not he was at the meeting? A. He was at the meeting, yes.

Q.23. State whether or not there was any one pretending to act as chairman at the meeting? A. Well, still referring to it as an informal meeting, I think possibly Mr. Haid made some little announcement that we were here to listen to a statement from Mr. Street in connection with the Missouri rate case.

Q.24. State whether or not there was any secretary to take the minutes of that meeting? A. I am quite sure there was not.

Q.25. If there was any memorandum made of that meeting, you are not aware of it? A. That is correct.

Q.26. State whether or not you made any memorandum for your own use in the files? A. I did not.

Q.27 At no time? A. At no time.

Q.28. Now, can you tell us the names of some of the others who were at that meeting? A. Well, I am definite as to Mr. Kurth of the Home, and Mr. Warner of the Royal, Mr. Koop of the Great American and I think Mr. Barbour of the Northern of London, Northern Assurance Company.

Q.29. Do you recall whether Mr. Parsons was there of Crum & Forster? A. I do not, no.

Q.30. Do you recall whether Mr. Koop was there? I may have missed— A. (Interrupting) Yes, Mr. Koop, I am very sure he was there.

Q.31. Now, what else was said after Mr. Haid announced the purpose of the meeting? A. Well, my recollection is that Mr. Street made the statement that there had been a considerable amount of pressure brought to bear by the agents of the state and by certain chambers of commerce over the state.

Q.32. You mean the State of Missouri? A. State of Missouri, yes, to bring about some sort of a settlement and a determination of this matter and he felt that there was a pretty fair chance that he would be able to effect a compromise on a basis of 20 per cent being returned to the policyholders and 80 per cent returned to the companies. Now, that may have been amplified but that, as I remember it, was the substance of his statement.

Q.33. He expressed optimism on his ability to make a settlement? A. Yes.

Q.34. Did he give you any details of the basis of that, that is to say, did he name any one with whom he had been conferring from which he reached that conclusion? A. To the best of my recollection he did not.

Q.35. Did anyone present ask him what the basis of his optimism was? A. No questions asked on that point.

Q.36. What else then, as near as you can give it, was said at that meeting? A. You mean—

Q.37. (Interrupting) By Mr. Street. A. By Mr. Street? Well, I think then that he said that having gotten a rather favorable reaction, which was quite natural I think, that there were certain legal expenses that would probably accrue in connection with this settlement, if it could be had, and he hoped that ten or a dozen companies would be willing to advance $100,000.00 for such purpose.

Q.38. State fully what he said about the purpose of this $100,000.00? A. He said that there were certain legal expenses that would have to be met and the money would be used for that purpose.

Q.39. What legal expenses did he say were necessary? A. I don't think that he qualified or made particular reference to any specific expenses beyond that they were legal expenses.

Q.40. Now, did any one of the insurance executives present or any one else ask him anything about what those legal expenses would be? A. Not to the best of my recollection.

Q.41. Was anything said by any one about a willingness to make this contribution toward this $100,000.00, and, if so, what was it? A. Well, I think that he made a statement that rather than go to each one of the one hundred forty odd companies, he conceived the idea of maybe ten or a dozen of the large companies acting, say in an underwriting capacity; in other words, they would underwrite this $100,000.00, which eventually would be accounted for and returned on a proper prorata basis.

Q.42. What, if anything, did he say about the return of this money in the event the settlement could not be put through? A. I don't remember that he said anything.

Q.43. Did any of the executives or any one else present ask him? A. I don't think they did.

Q.44. State how the money was raised there at that meeting, if it was raised there? A. Well, as I recollect it, I think Mr. Street had made a rough calculation that, for instance, the Continental probably and the Home had the largest amounts of impoundings, and I think he pulled out of the air an idea that our contribution might be $15,000.00 and the Home's $15,000.00 and the Great American so much, which I don't remember, based on no definite figures.

Q.45. Well, did he state or read off such assessments there? A. Well, I don't remember whether he did that. I presume he did because that is what was finally done. He said, "Are you willing to contribute $15,000.00," and I said, "Yes," or words to that effect.

Q.46. You said a while ago that he said it was impractical to get these companies together, the smaller companies, the whole group. Was that in connection with the raising of the money? A. That is right.

Mr. Murphy: He didn't say it was impractical. He said he didn't want to wait or something of that sort.

A. Well, the idea was that it was easier to do it this way, and the result came out the same in the end, which it did.

Q.47. Then if you gave your $15,000.00, how did you figure you were getting it back? A. Well, Mr. Street gave his word that there would be an accounting. Now, I don't mean to imply that we would get it all back, but we would get at least our proportion back. As a matter of fact, our percentage of the impounding was about 8 per cent so that based on that figure we might have con-

tributed $8,000.00 as a final contribution, if there was nothing ever coming back.

Q.48. Then the accounting was in connection with raising a proper sum of money from all of the companies which were not present? A. That is right.

Q.49. Do you know whether he ever talked with any of the other or smaller companies about the settlement of this case? A. I don't know that he did; I can't answer that.

Q.50. Did he state whether or not he had talked to the other companies about the settlement of this case? I mean by that companies that are not or were nor represented at that meeting? A. I don't think he made any reference to that.

Q.51. Do you recall at any time after that New York meeting that he ever advised you that he had talked or gotten any assent from the smaller companies to settle their law suit? A. I am quite sure that he never talked to me about any such matter.

Q.52. How long had you known Mr. Street? A. Up to the time he died, I think about twenty years.

Q.53. You had full confidence in Mr. Street? A. Absolutely.

Q.54. Now, your assessment I believe you said was fixed at $15,000.00? A. That is right.

Q.55. Where was the check for that written and what were the circumstances? A. Well, I left the meeting and immediately went back to our office and instructed Mr. Emes, who was then our auditor, now our comptroller, to issue such a check, which he did, and I either delivered it by hand to Mr. Haid or sent it over, I don't remember which.

Q.56. Now, I will show you Exhibit 5 and ask you if you recognize that as the $15,000.00 check you have been talking about? A. I do.

Q.57. And this (indicating) as the endorsement? A. That is right, I do.

Q.58. Where was Mr. Emes when you told him to prepare this check? A. I think in his office, either I went to his office or he came to mine.

Q.59. That is over at the office of the company? A. 60 Maiden Lane.

Q.60. How far is that from Mr. Haid's office? A. About two blocks.

Q.61. Then I take it for granted you walked from the meeting over there and had this check prepared? A. Yes.

Q.62. Why didn't you take the check back to Mr. Street? A. Well, I don't know. I think I took it back to Mr. Haid's office at Mr. Haid's suggestion that he would collect these checks and deliver them to Mr. Street; that is my recollection.

Q.63. Did you write any memorandum as to the transmission of the check? A. I didn't write it myself; I gave Mr. Emes instructions as to a memorandum that might be prepared.

Mr. Murphy: I don't think he understood. Did you mean a covering letter?

Q.64. (By Judge Henson) There was no transmittal letter went with the check? A. No.

Q.65. That is what I meant to get at. I wish you would mark this exhibit, please.

(Photostatic copy of requisition, handed to the reporter, was marked for identification as "Defendants' Exhibit 326, EFM.")

Q.66. I show you Exhibit 326, which apparently is a requisition for the $15,000.00. A. That is right.

Q.67. Did you write that? A. No, I didn't write it.

Q.68. Can you tell whether that is Mr. Emes' handwriting or not? A. I would say not. I would say that it probably was written in the cashier's department, although I am not positive of that.

Judge Henson: I offer Exhibit 326 in evidence.

(Which said Defendants' Exhibit 326, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

THE CONTINENTAL INSURANCE COMPANY
OF NEW YORK

May 2 1935

CASHIER:

Please draw check to order of Chas. B. Strock Chairman

for Fifteen Thousand 00/100 Dollars

$15000 00/100 in payment of Legal Expense Insurance Rate Case

Chge Legal Exp. A/c

Approved

8x416

404

D376

Q.69. After this meeting of May 2, 1935, it has been in evidence that Mr. Street went to Hartford? A. That is right.

Q.70. Do you know how much money he raised in New York before he went to Hartford? A. I do not.

Q.71. You can just recall those subscriptions that you have just indicated? A. The only ones I remember definitely, and I remember they were both $15,000.00.

Q.72. Did you see Mr. Street after the Hartford meeting, if there was a Hartford meeting? A. I did not, no.

Q.73. Did you attend another meeting of about such a group in March of 1936 in Mr. Haid's office? A. No, sir.

Q.74. Did anyone report any such meeting to you? A. Well, I can't say that they reported the meeting. After I got home from the west the results of such a meeting were reported.

Q.75. Who reported that? A. Well, I presume it was Mr. Emes, either Mr. Emes or Mr. Moeckel.

Q.76. And what did they tell you about the meeting of March, 1936?

Mr. Murphy: He didn't say anything about the meeting.

Judge Henson: I thought he said—

The Special Master: Reported the results of the meeting.

Q.77. (By Judge Henson) What results did he report?

Mr. Murphy: What did he say?

Q.78. What did he say? A. Well, it is outlined in a letter that I wrote Mr. Henne, that in addition to the $15,000.00 for which we had been given credit, against a payment of thirty-seven thousand dollars odd, there had been another payment of $22,000.00, and then the item of $15,000.00 which had been more or less in suspense all this time could be cleared off and, of course, good bookkeepers like to get these suspense items cleaned off as quickly as they can and apparently as soon as the results of the second meeting came into being, he immediately notified me and we started to adjust our affairs between the New York and the Chicago office. That was the result of the letter that I wrote Mr. Henne.

Q.79. I show you Defendants' Exhibit 6 and ask you if that is a copy of the letter you wrote to Mr. Henne? A. That is correct.

Q.80. The one you have been talking about? A. Yes.

Q.81. Now, I show you Defendants' Exhibit 198, which has been introduced in evidence. It seems to be a memo from Mr. Moeckel. State whether or not you directed the preparation of that memorandum; if you know anything about it at all, tell us what it is. A. Well, I didn't prepare that memorandum. Mr. Moeckel did it and it is not entirely in accordance with the facts.

Q.82. Well, what were the facts? A. Well, he makes the statement there that I didn't want that item reported to the Chicago office. Now, that is not quite correct. Would you like to have me make a little explanation?

Q.83. Yes, I was going to come to that. A. You see, in the first place the Continental pays all of the expenses that may become a joint account, that is, rent and things of that kind where all of the companies—

The Special Master: Clearing house for the group on expenses?

A. Clearing house for group expenses and at the end of the month they are reimbursed for their outlay. Now, in view of the fact that this check of $15,000.00—it had two elements. The first one was that it was an arbitrary amount and apparently would have no bearing on what we would eventually be called upon to pay for these expenses, and, in the second place, when we knew what the actual expenses would be, we would then throw that through the clearing house, as Mr. Barnett has suggested, to all of the companies.

The Special Master: Prorated as to every company in your group according to the volume of premiums in Missouri?

A. That is right. Now, there was no particular purpose in transferring that item of $15,000.00, which was a suspense item, to Chicago and have it hung up there and have to go through the same process, so what I intended to convey to Mr. Moeckel was that we would simply leave that in suspense until those two factors were determined as to how much of that $15,000.00 we would eventually be called upon to pay and on what basis each company would participate. Now, it got along, as you will see by that memorandum—Mr. Moeckel being a good accountant wanted to get that off of his suspense book, so he came to me, I think two or three times, and wanted to know if that could be done and I told him no, that I

had had no word from Mr. Street, and there it was just exactly the same as when the check was issued on the second of May. So, going back a little into our own affairs, the Continental and the Fidelity Phenix are independently owned companies, represented by 12,000 or 15,000 stockholders on each side.

The Special Master: But not the same stockholders?

A. Not the same stockholders, that is, you might own stock in both or I might.

The Special Master: No identity of ownership?

A. No identity. Now, it would not be fair to have that check go over the annual statement time at the end of the year and be charged entirely to the Continental because it would throw their expenses that much out of balance, so not being able to get an absolute allocation, I then told Mr. Moeckel to throw that 50-50 to the Continental and Phenix. Usually on a thing of that kind we go about 45 Phenix and 55 Continental, but there wasn't enough difference so I told him to throw it 50 per cent each way.

The Special Master: In Missouri they were just about 50-50 on the Missouri premiums?

A. Very little difference; as you can see from those figures, the Phenix had a little bit more in premiums on account of their farm business.

Q.84. (By Judge Henson) Why didn't you take the $15,000.00 and apportion that proportionately against the impoundings of all of your group? A. For the simple reason that $15,000.00 wasn't the amount that we probably would be called upon to pay.

Q.85. But when you paid the additional amount it could be apportioned too? A. I didn't know anything about any additional amount at that time.

Q.86. Well, I understood you to leave the inference that that was the reason you couldn't allocate the $15,000.00. A. No.

The Special Master: No, no.

Mr. Murphy: If it was prorated it would be less.

A. If I had allocated—

Q.87. (By Judge Henson) It might be either way up or down? A. If I had allocated that at that time against our impounded premiums, our proportion would have been about $8,000.00 instead of $15,000.00, see.

The Special Master: Here is what was the proposition: When this man didn't take in all of the little companies, but went there and drug together a few companies that represented approximately half of all of the

outstanding premiums, it necessarily followed that if he had put it in proportion, which he didn't take the trouble to do, they would have all put approximately twice as much into the pot as they would finally have to.

A. That is right.

The Special Master: If that was the expense. Now, what he says is this, that he did not take the trouble to make an allocation without any figures as between the various companies in one group, which did in fact represent a common ownership, but between two companies where there was no common ownership and each being the leader of a group, he—

A. (Interrupting) That is right.

The Special Master (Continuing): —he did split it 50-50, is that what you said?

A. That is correct.

Mr. Murphy: To clear that up a little further without asking a lot of questions, I think it is a fact that the other companies in the group are owned one-half by the Continental and one-half by the Phenix, is that right?

A. That is correct. Outside of a few qualifying shares, it is a 50-50 ownership.

Q.88. (By Judge Henson) All right. Now, I believe you did tell Mr. Moeckel or Mr. Emes not to notify the western office anything about the $15,000.00? A. No, I don't think that is correct.

Q.89. And if either of them so testified, it is incorrect? A. I think Mr. Moeckel—he testified or got the impression, if he did, that I didn't want them notified. That is not true because as a matter of fact I think that the next time that Mr. Henne came to New York, which is usually once a month, I think I told him about it. There was no reason why the Western Department shouldn't know about it and that is why I say that Mr. Moeckel's statement that I told him not to notify the Western Department is not quite in accordance with the facts. I told him that I didn't want to send that item out there until we got it all cleaned up, which is exactly what was done.

Q.90. Now, when they wanted to allocate this, I believe that one of them testified that you said to hold it until September first, is that true? A. That was hoping that at September first we would get the word of how this $15,000.00 was to be dealt with.

Q.91. Then on September first did either of them call it to your attention again? A. I think they did.

Q.92. What did you tell them then? A. I told them to hold it during—I don't know whether I said a specific date or not.

Q.93. Was it allocated before the end of 1935? A. Only between the Continental and the Phenix.

Q.94. At 50-50 as you stated? A. That is right.

Q.95. Now then, getting around to the month of March, 1936, were you in New York at that time? A. No, I was not.

Q.96. And do you know anything about who issued the twenty-two odd thousand dollar check for the balance of 5 per cent of all your impoundings to May 1, 1935? A. Well, by "issue" do you mean who actually wrote the check?

Q.97. Yes, what information have you about that? A. The only information I have apparently was given to me verbally when I got back, that there had been a further payment and with the amount as shown by the check.

(Photostatic copy of check, handed to the reporter, marked for identification as "Defendants' Exhibit 327, EFM.")

Q.98. I show you Defendants' Exhibit 327 and will ask you whether or not that is the check of the Continental Insurance Company for the amount it purports to show? A. That is right.

Q.99. What do you understand this amount to represent? A. Well, I understand it is to represent—

Q.100. Enough more money plus the $15,000.00 to make the 5 per cent? A. It is supposed to represent an amount equalling 5 per cent of our impounded premiums less the $15,000.00 which we had already paid.

Judge Henson: I offer Defendants' Exhibit 327 in evidence.

Mr. Berger: It is 5 per cent of the impounded premiums to May 1, 1935? A. That is right.

(Which said Defendants' Exhibit 327, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

$ $22323 12 No 16759

THE CONTINENTAL INSURANCE COMPANY

NEW YORK, MAR 21 1936 19

CENTRAL HANOVER BANK & TRUST COMPANY
NEW YORK

PAY TO THE ORDER OF C. P. Streets Agent

THE SUM OF $22323 AND 12 CTS DOLLARS

AUTHORIZED SIGNATURE Chas E Swan AUTHORIZED SIGNATURE

RECEIVED PAYMENT THROUGH NEW YORK CLEARING HOUSE ENDORSEMENTS GUARANTEED
THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK 1-74

1-74

CITY NATIONAL BANK AND TRUST COMPANY OF CHICAGO

CHICAGO CLEARING HOUSE

4 PM

D321

(Photostatic copy of requisition handed to the reporter was marked for identification as "Defendants' Exhibit 328, EFM.")

Q.101. Now, I hand you Defendants' Exhibit 328, and ask you whether or not that is the requisition for the last check which you have just identified? A. I think it is.

Judge Henson: I wish to introduce Defendants' Exhibit 328 in evidence.

(Which said Defendants' Exhibit 328, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

D328

THE CONTINENTAL INSURANCE COMPANY
OF NEW YORK

March 24th 1936

Please draw check to order of C. R. Streck Agent

for PAY $22323 AND 12¢ Dollars

22.323 12/100 in payment of additional legal expenses

in connection with Missouri Deferred Premiums

	37 323	12
Previous Payment 5/4/35	15 000	
Charge Atty Fees #1 - 11161-56	22 323	12

Approved

2nd ch. #1 - 11161-56
86869

Paid by check
MAR 27 1936

412

Q.102. (By Judge Henson) Now, whom do you think it was that told you about this $22,000.00 check? A. Well, I would assume it was probably Mr. Emes.

Q.103. You don't know anything about the circumstances under which it was written? A. No.

Q.104. Now, did you ever report to your Board of Directors the payment of either the $15,000.00 or the $22,000.00 check? A. No, sir.

Q.105. Did you ever make any report to them about the settlement of the case? A. No, sir.

Judge Henson: That is all.

Cross Examination by Mr. Murphy.

XQ.106. Mr. Culver, didn't the Insurance Executives Association, of which Mr. Haid is president, have any management or control over Missouri litigation? A. None whatever.

XQ.107. Now, to refresh your recollection—

The Special Master: Well, that association as I understand doesn't have any control over any insurance business in any way at all, does it? They don't actually transact any insurance business?

A. None whatever, that is a pretty fair statement, Mr. Barnett. The only control that they have over any operation of the insurance business is suggestions really to the so-called regional organization.

The Special Master: It has the same control that a local chamber of commerce has over the business of the local merchants, none at all, but they do get together and see if they can help each other?

A. They do a lot of talking and hope they can help each other.

The Special Master: If they can, yes.

XQ.108. (By Mr. Murphy) Mr. Culver, to refresh your recollection, wasn't the basis of the settlement which Mr. Street stated at that second meeting that he thought he could bring about, 90-10 instead of 80-20? A. Which was that, the '35 meeting?

XQ.109. The May 2, 1935, meeting, the only meeting you attended? A. That is the only meeting I attended.

XQ.110. The reason I asked that there is in evidence—

The Special Master: Never mind, if he doesn't remember, it doesn't make any difference.

XQ.111. Well, if you don't recall— A. I don't recall.

Mr. Murphy: I think that is all.

Re-Direct Examination by Judge Henson.

RDQ.112. Mr. Culver, I show you Defendants' Exhibit 6 again and call your attention to the paragraph of this letter to Mr. Henne reading: "I assume that you will charge the item to Missouri case, but that part of the transaction I will leave to your best judgment." Now, if I understood you, you testified that that was for legal expense? A. Yes.

RDQ.113. What did you mean then by leaving it to Mr. Henne's judgment? A. Well, I think that was just thrown in for good measure, as I remember it. We leave all such matters to Mr. Henne. He is in entire control of that office outside of imperial questions of policy and I don't think that that meant anything.

RDQ.114. Well, I will show you Exhibit 8, which seems to be a memorandum from Mr. Street, in which they say that Joseph Froggett & Company will make some report or recommendation. What would they have to do with it?

The Special Master: Wait, let's see if I can clear that. Do you know who Joseph Froggett & Company are?

A. Yes, very well.

The Special Master: All right, go ahead then. They are certified public accountants that specialize in insurance?

A. Yes, Joseph Froggett & Company have done a large amount of work for insurance companies and I think that as a matter of fact they have had quite a little activity in times past in working out a so-called convention statement to be used by all states uniformly and I think that had to do with whether or not a certain item would go under item 29 or 37, I can't answer definitely as to that. It is entirely a bookkeeping matter or a matter of an annual statement.

RDQ.115. Now, if I understand you, at this meeting on May 2, 1935, it was agreeable to all of you that Mr. Street go ahead and settle the cases? A. Yes, that is a fact.

RDQ.116. Was there any opposition at all to that from anybody present? A. None whatever.

RDQ.117. Didn't anybody raise the question as to why he shouldn't consult other companies about settling this case? A. Well, do you want my real answer?

RDQ.118. Yes, sir. A. Well, I think that anybody that said they had a pretty fair chance of settling the Missouri rate case, they wouldn't argue much about having the other companies brought into it. I think everybody was just delighted that there was a possibility of settling this controversy that, as you know, had been going on these many years, and here was a man that everybody had confidence in, he handled the whole thing. He said, "I think I can compromise," and everybody said, "All right, Mr. Street, you go ahead and do it."

RDQ.119. That is why you assented so far as you were concerned? A. That is why we assented.

RDQ.120. But if you had some other matter of litigation in which other companies were concerned, would you have settled so far as your company is concerned without suggesting to the party that he see the other parties that were interested? A. Well, of course, I can't say that Mr. Street didn't have it in mind to submit this at least in some form or other to the other companies.

RDQ.121. But nobody asked him? A. Nobody asked him.

RDQ.122. And he didn't state? A. And he didn't state.

Judge Henson: I believe that is all.

(Witness excused.)

EDWARD WEST ELWELL, being produced, sworn and examined as a witness on behalf of the defendants, testified as follows:

Direct Examination by Mr. Holman.

Q.1. State your name, please. A. Edward West Elwell.

Q.2. Mr. Elwell, with what company or companies are you associated? A. The corporation of the Royal Exchange Assurance.

Q.3. That is composed of several allied companies? A. The State Assurance Company, Ltd. of Liverpool, the Provident Fire Insurance Company of New Hampshire, and the Car & General Insurance Company, Ltd., of London.

Q.4. The last named company— A. (Interrupting) Is a casualty company.

Q.5. (Continuing) —was not concerned with the Missouri litigation. Did you state your official capacity with those companies? A. I am United States Manager of the British ones and president of the American one.

Q.6. That was your position in 1935? A. I was assistant manager and vice-president.

Q.7. And in 1936? A. The same.

The Special Master: That is assistant?

A. Assistant manager.

The Special Master: And vice-president?

A. Yes.

Q.8. During the years 1935 and 1936, you were familiar with the Federal Court rate litigation in Missouri? A. In a general way.

Q.9. Who handled that litigation on the part of the companies? Who had charge of it? A. In what way?

Q.10. Who decided matters of policy and things of that nature in connection with the litigation? A. Mr. Waller, the United States manager.

Q.11. Is he with the company now? A. No.

The Special Master: Where is he, do you know?

A. He is pensioned, retired.

Q.12. Where is he living? A. He is in New Jersey.

Q.13. When was he pensioned? A. The 31st of December, 1937.

Q.14. Did you know in 1935 what person or persons had charge of this litigation on behalf of all of the companies involved? A. Hicks & Folonie.

Q.15. Let me direct your attention to the Subscribers Actuarial Committee. A. And the committee, yes.

Q.16. The committee had control of it? A. Yes.

Q.17. Hicks and Folonie were the attorneys? A. Yes.

Q.18. The Subscribers Actuarial Committee was the insurance group that had charge of it? A. Yes.

Q.19. Did you know who was chairman of that committee? A. No.

Q.20. You did not know? A. Well, Mr. Street, I assumed.

Q.21. You knew that Mr. Street— A. (Interrupting) I knew Mr. Street was in it.

Q.22. You knew he was very active in connection with the litigation? A. Yes.

Q.23. When did you first hear of a settlement or proposed settlement of this litigation? A. It always seemed to be in a state where there was a proposed settlement in the offing, but I didn't hear anything definite until 1936, I suppose.

Q.24. Did you see a letter in June, 1935, sent out by the Subscribers Actuarial Committee that stated that a settlement agreement had been entered into and gave the general terms of the settlement? A. I think I did.

Q.25. At any rate, along about that time you became familiar with the general terms of the settlement? A. Yes.

Q.26. Then there was a later letter in February, 1936, from the Missouri Inspection Bureau, stating that a decree of court had been entered, approving the settlement. Did you see such a letter or get such information? A. Yes.

Q.27. Is your company a subscriber or member of the Subscribers Actuarial Committee? A. Yes.

Q.28. Is it a subscriber or member of the Missouri Inspection Bureau? A. Yes.

Q.29. Did you attend a meeting of insurance executives held at the offices of the Insurance Executives Association in New York on May 2, 1935? A. No.

Q.30. When did you first learn, if ever, that such a meeting had been held? A. Four weeks ago in England.

Q.31. How did that information come to you? A. I read the Journal of Commerce.

Q.32. The New York Journal of Commerce. Did you attend a meeting of insurance executives in New York or in any other place in March, 1936? A. No.

Q.33. Or about that time? A. No.

Q.34. Concerning the expenses of this settlement and the litigation? A. No.

Q.35. Did you ever attend any meeting of insurance executives or others interested in the insurance business, in which was discussed the Missouri rate litigation and the proposed settlement thereof or the expenses following the settlement? A. Well, I attended one this year when this case came up.

Q.36. In June of 1939? A. Yes.

Q.37. You attended such a meeting? A. Yes.

Q.38. That was a meeting to formulate plans of proceeding from then on? A. Yes.

Q.39. But that was the only such meeting you attended? A. Yes.

Q.40. Mr. Elwell, I will hand you Defendants' Exhibit 154, and ask you if that is a check of your company payable to C. R. Street. A. That is a check of my corporation, yes.

Q.41. Do you know for what purpose that check was given? A. As a contribution toward litigation expenses.

Q.42. Do you know why the check happened to be given? A. Yes.

Q.43. Will you tell us all the circumstances surrounding the issuance of that check? A. Mr. Haid's assistant, Mr. Erskine, came in the office to see me one day when Mr. Waller was away, and requested a check for that amount, which was needed to pay litigation expenses in connection with the Missouri settlement. I asked Mr. Erskine why he was coming in instead of someone else. He said he was handling the matter on behalf of Mr. Haid and Mr. Street, who was collecting these funds from all of the companies, and that was our proportion. Owing to the reputation that Mr. Street and, of course, Mr. Haid and Mr. Erskine had in the business, we therefore gave him the check for our proportion.

Q.44. Did you ask him what expenses that was to pay, what specific expenses in connection with the litigation? A. I understood there were a great many general expenses of one sort and another that had to be paid, but I did not understand that that was for any specific item.

Q.45. Were you familiar with the way that the expenses had been collected in the past in connection with this litigation? A. I had not been in this country very long and while I was familiar with the existence of the Missouri rate suit, a great number of actuarial and other committees were a complete bewilderment to me at that time.

Q.46. You mean that you did not know— A. (Interrupting) I don't think I could have told you offhand that the Subscribers Actuarial Bureau or the Missouri Inspection Bureau or the Western Underwriters Association or the National Board of Fire Underwriters, or the Insurance Executives Committee was responsible for collecting the money for the Missouri expense.

Q.47. You didn't know that? A. I couldn't have told you offhand who did it.

Q.48. Did you make any effort at that time to find out how those things had been paid in the past? A. I had no reason to. There was nothing that appeared suspicious or peculiar about it.

Q.49. You were paying out some $6,000.00 of your company's money. Didn't you feel it your duty to find out whether you were taking proper action or not? A. Not in view of the fact that I knew Mr. Street was handling the litigation right through, and that it was going to the natural person on any call.

Q.50. As a matter of fact he wasn't the natural person, and why didn't you investigate and find out? A. I assumed he was the natural person.

Q.51. You assumed that? A. Yes.

Q.52. But did you take any steps to find out? A. Mr. Street had been handling the litigation right through. He still was the natural person as it seemed at that time.

Q.53. You testified a few minutes ago that you were familiar with the terms of the settlement agreement in a general way. That agreement provided that 30 per cent of the impounded premiums up to May 1, 1935, would be turned over to the trustees, who were authorized to pay the expenses of this litigation, all expenses. Didn't it strike you as unusual that they would be collecting money on the outside to pay that? A. No.

Q.54. Why didn't it? A. Well, it is quite obvious that a percentage can't be an actual amount, and there might be an amount short that had to be made up.

Q.55. Did you make any inquiry to find out about that? A. It wasn't necessary.

Q.56. Well, did you make any inquiry? A. No.

Q.57. Now, at the time Mr. Erskine came, did he pay you any money? A. No.

Q.58. Did he speak of any money that your company had coming from the trustees? A. Just the normal liquidation amounts, as far as I recollect.

Q.59. Do you recall the percentage? A. No.

Q.60. You don't recall it was 11 per cent? A. No.

Q.61. Of your impounded premiums? A. No.

Q.62. Did he bring a check along? A. Not as far as I remember.

Q.63. Did your company receive a check about that time, March, 1936? A. I believe they did.

Q.64. But you are not sure? A. No.

Q.65. So when you paid out this $6,385.00, you didn't know at that time that your company was receiving a

dividend, so to speak, from the trustees administering the settlement expense fund? You didn't know that? A. I understood that this payment was our contribution to a general levy which was being made on all of the companies, and that it was in accordance with the agreed policy.

Q.66. Who had agreed upon it? A. It had been agreed upon by the larger companies.

Q.67. And that is all you knew about it? A. Yes.

Q.68. You then, with that information, directed the check to be issued? A. Yes.

Q.69. Did Mr. Street ever consult your company as to whether or not this settlement should be made? A. Not directly.

Q.70. How was it done? You said not directly. A. Well, we just went along with the other companies. They all appeared to have agreed with it, and we gave our assent.

Q.71. Did you know before the settlement agreement was signed that such a settlement was contemplated, and the terms thereof? A. I suppose we had notice from the Subscribers Actuarial Committee

Q.72. But you don't know whether you had that notice or not? A. I can't imagine we didn't, but I haven't checked the fact.

Q.73. Did you know personally? A. My recollection doesn't go back far enough.

Q.74. Have you told us substantially all you know about this settlement and the matters leading up to the settlement and the matters subsequent to the settlement pertaining to the collection of the expense fund? A. Yes.

Q.75. Is there any other person with your company, with the exception of Mr. Halfrin and Mr. Koenig, or some such name, is there any other person besides you three that might have some additional knowledge concerning this matter? A. No, I have referred to Mr. Waller, but I feel quite sure he has no additional knowledge.

Mr. Holman: That is all.

Mr. Murphy: That is all.

(Witness excused.)

Mr. Holman: Now, Mr. Master, in rambling around over the country we discovered there were a few checks that were not introduced in evidence, and we desire to

have those marked and introduce them at this time and offer them.

Mr. Berger: May I make a suggestion, if your Honor please?

The Special Master: What is that?

Mr. Berger: I had clipped to those the reference to each one of the other exhibits to which they related.

The Special Master: Then don't bother with it, just give me those notes.

Mr. Berger: I was going to suggest, for instance if this were 100, mark this 100a so you would then know there was some relationship to them.

The Special Master: I have to know that 100a is in evidence. I want that page before me right now.

Mr. Berger: As I say, I will introduce them.

(Whereupon, discussion was had off the record.)

(Photostatic copies of checks, handed to the reporter, were marked for identification as "Defendants' Exhibits 228a, 95a, 120a, 254a, 28a, 41a and 41b, 191a, 191b, and 191c, and 31a, 31b, 31c and 31d, EFM," respectively.)

Mr. Holman: I wish to offer in evidence Defendants' Exhibits 31a, 31b, 31c and 31d, all of which are checks which are referred to in Exhibit 31.

I want to offer in evidence Defendants' Exhibits 191a, 191b and 191c, all of which exhibits are referred to in Exhibit 191 heretofore offered.

I offer in evidence Defendants' Exhibits 41a and 41b in connection with Defendants' Exhibit 41 heretofore offered.

I offer in evidence Defendants' Exhibit 254a, being a check, in connection with Exhibits 254, 257 and 258 heretofore offered.

I offer Exhibit 120a in connection with Exhibit 120 heretofore offered.

I offer Exhibit 95a being a check of the National Liberty Insurance Company of America, which is offered in connection with Exhibits 94 and 95 heretofore offered.

I offer in evidence Exhibit 228a, being a check of the Boston Insurance Company, which is offered in connection with Exhibit 228 heretofore offered.

I offer in evidence Defendants' Exhibit 28a, being a check for the Fire Association of Philadelphia, which is offered in connection with Exhibit 28 heretofore offered.

(Which said Defendants' Exhibits 31a, 31b, 31c and 31d, 191a, 191b and 191c, 41a and 41b, 254a, 120a, 95a, 228a and 28a, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

WESTERN DEPARTMENT

No. 76573

Pay to the order of C. F. Stout

Chicago, April 20, 1938.

THE SUM OF $292.90 AND 90¢

$ 1,000.00

(Confirm)

To CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO
CHICAGO, ILLINOIS

CITY NATIONAL BANK
AND TRUST COMPANY OF CHICAGO
3121 CHARLES E. STREET 3404
C.R. STREET

PAID THROUGH P 11 M
APR 21 1938

PAID THROUGH
APR 12 1938

423

424

CONTINENTAL ILLINOIS NATIONAL BANK 1756

(2-3) AND TRUST COMPANY (2-3)

Chicago, Illinois, June 9 $1,221.22

PAY TO THE ORDER OF C. R. Street

THE SUM OF $1221 AND 22¢ DOLLARS

LIBERTY MUTUAL INSURANCE CO

(Contra) 1,221.22

FOR DEPOSIT WITH
CITY NATIONAL BANK
C R STREET

MAY 12 1936
P 11 M

The Reliance Insurance Company
OF PHILADELPHIA
INCORPORATED 1841

No 13338

PAY TO THE ORDER OF C. [illegible] Street.

CHICAGO, April 29, 1926. 19

$ 794.78

THE SUM OF $794 AND 78¢ DOLLARS

Contra (Reliance) 794.78

J.T.R.

TO CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY
OF CHICAGO

2-3 2-3

MANAGER
ASST. MANAGER

FOR DEPOSIT WITH
CITY [illegible] BANK

A31C

425

The Kellogg Switchboard and Supply Company

No 13337

CHICAGO, April 22, 1926.

PAY TO THE ORDER OF

C. E. Street

$ 479.69

THE SUM OF $479.69 69¢ DOLLARS

(Contra Victory) 479.69

J.T.R.

TO CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

8-8

8-8

PAY ONLY THROUGH CLEARING HOUSE

PAY TO THE ORDER OF

CITY NATIONAL BANK

CHICAGO, ILL.

STREET

3424

C. E. STREET

D31 d 85

THE ALLIANCE INSURANCE COMPANY OF PHILADELPHIA
1600 ARCH STREET
PHILADELPHIA, PA

No. 1218

MAR. 24TH, 19 36

PAY ★ ★ ONE THOUSAND SEVENTY SEVEN AND 43/100 ★ ★ DOLLARS $ 1077.43/100

IN PAYMENT OF Missouri Rate case
TO THE ORDER OF

C. R. Street, Agt.

CORN EXCHANGE NATIONAL BANK AND TRUST COMPANY 3-10
PHILADELPHIA, PENNA.

Endorsed
C. R. Street Agent

Endorsed with Guaranty
CITY NATIONAL BANK
AND TRUST COMPANY
OF CHICAGO

MAR 26 1936
11 M

427

NATIONAL SECURITY FIRE INSURANCE COMPANY
1600 ARCH STREET
PHILADELPHIA, PA.

No. 12842

MAR. 24TH. 19 36

PAY * * * * FIVE HUNDRED FIFTY TWO AND 19/100 * * DOLLARS $ 552. 19/100

IN PAYMENT OF MISSOURI RATE CASE

TO THE ORDER OF

C. R. STREET, AGT.

CORN EXCHANGE NATIONAL BANK AND TRUST COMPANY
PHILADELPHIA, PENNA.

552.19

C R Street Agent

FOR DEPOSIT WITH
CITY NATIONAL BANK
AND TRUST COMPANY
OF CHICAGO

PAID THROUGH CHICAGO CLEARING HOUSE
P 11 M
MAR 26 1936
THE
TRUST
CO

ID

428

PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY
COMPANION OFFICE
PHILADELPHIA, PA.

No. 4959

MAR. 24TH, 1926

PAY TWO THOUSAND FIVE HUNDRED FIFTY THREE AND 21/100 DOLLARS $ 2553.21/100

IN PAYMENT OF MISSOURI RATE CASE

TO THE ORDER OF

C. R. STREET, AGT.

THE PHILADELPHIA NATIONAL BANK 3-1
PHILADELPHIA, PENNA.

FOR DEPOSIT WITH
FIRST NATIONAL BANK
AND TRUST COMPANY
OF CHICAGO

C R Street Agent

420

MERCURY INSURANCE COMPANY
SAINT PAUL, MINNESOTA

No 16058

SAINT PAUL, MINN. MAR 31 1936 193

PAY TO THE ORDER OF C. R. Streets Agent $1,330.35

SAINT PAUL 1330 35 DOLLARS

Legal Expense Re: Missouri Impounded.

MERCURY INSURANCE COMPANY

By Officer of the Company

An Officer of the Company

To THE FIRST NATIONAL BANK
22-1 SAINT PAUL, MINN.

PAY TO THE ORDER OF ANY BANK OR BANKER OR ANY FEDERAL RESERVE BANK PRIOR ENDORSEMENTS GUARANTEED

APR 4 1936

FEDERAL RESERVE BANK
17-8 MINNEAPOLIS, MINN. 17-8

APR -3 1936 11 M

490

No. 67723 ST. PAUL MAR 31 1936 19

BANKERS TRUST COMPANY

60 WALL STREET, NEW YORK

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

PAY TO THE ORDER OF C. R. Street, Agent. $4,121.75

Four Thousand One Hundred Twenty-One and 75/100 DOLLARS

Legal Expense - Missouri Impounded Premiums.

E. Kenkamp
AN OFFICER OF THE COMPANY

O J Kruger
AN OFFICER OF THE COMPANY

RECEIVED PAYMENT
NEW YORK CLEARING HOUSE
A MAR - 4 1936
THE FIRST NATIONAL BANK
THE CITY OF NEW YORK

C R Street agent

1936

8148

481

Irving Trust Company

Hartford, Conn. MAR. 25, 1926 No. 97225

Pay to the order of G. R. Shiell Agent $ 6738.21

Six thousand seven hundred thirty-eight and 21/100 DOLLARS

The Travelers Fire Insurance Company

G. R. Shiell agent

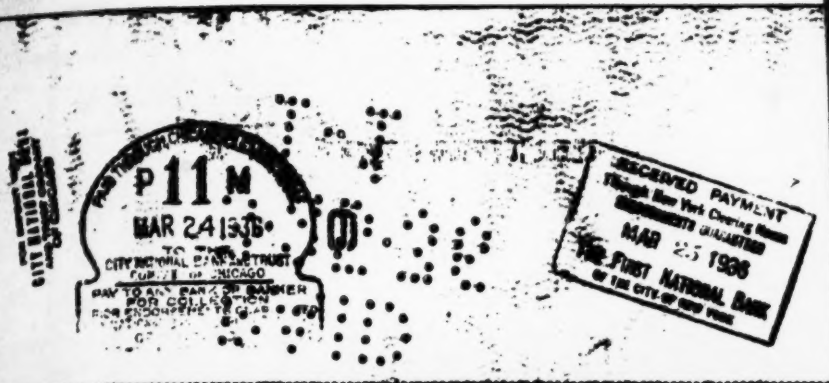
FOR DEPOSIT WITH CITY NATIONAL BANK AND TRUST COMPANY OF CHICAGO

PAID THROUGH CLEARING HOUSE MAR 28 1926

PAY TO THE ORDER OF ANY BANK, BANKER OR TRUST COMPANY

PRIOR ENDORSEMENTS GUARANTEED

D 254 a



No. 110775 Atlas Assurance Company Limited, OF LONDON.

New York, MAR 23 1936

Bankers Trust Company

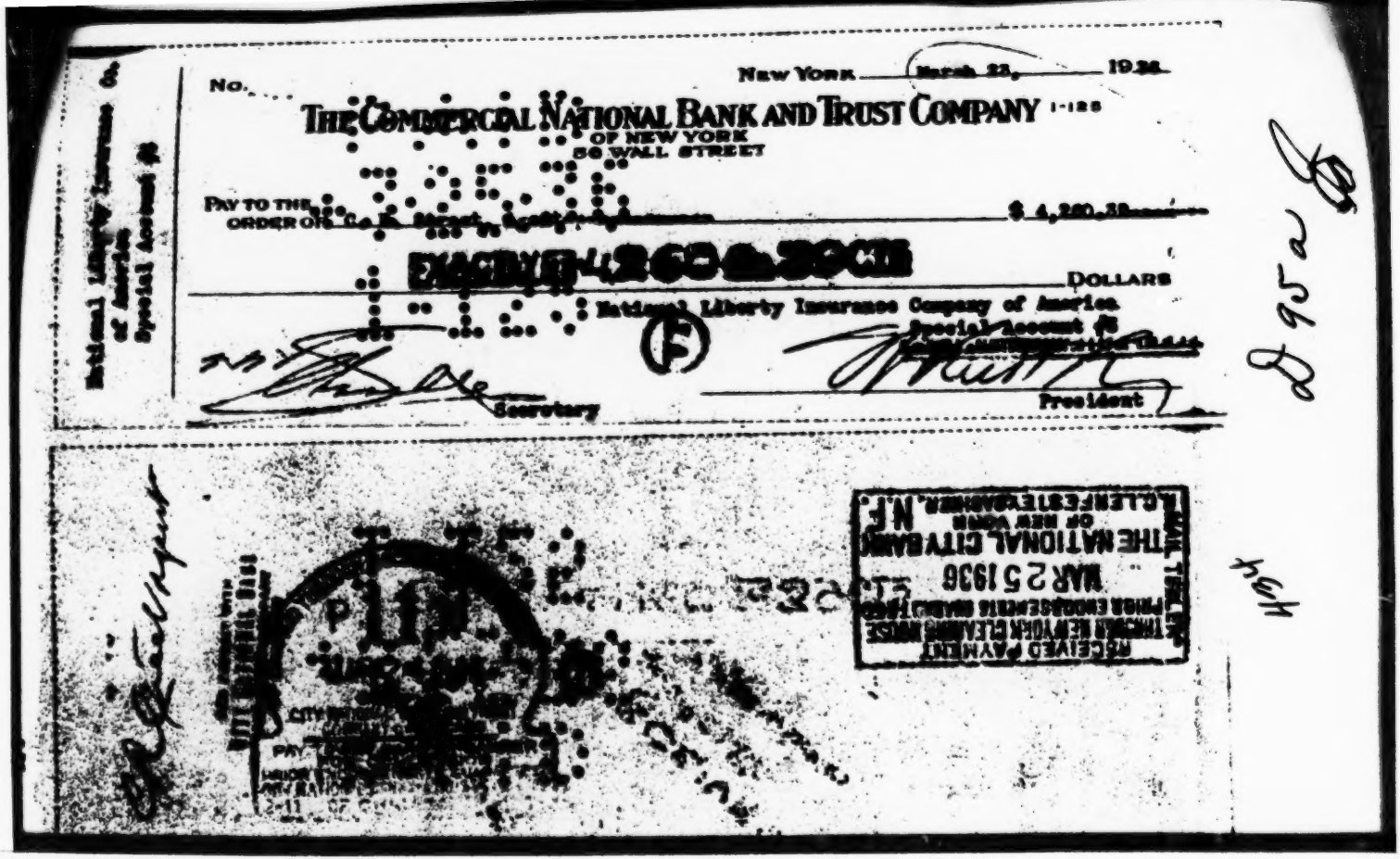
Rydelhoudorff & R. Street, agts

THE SUM OF [illegible] Dollars

$21.59 17

D 120 a

E



No. ...

New York March 23, 1936

THE COMMERCIAL NATIONAL BANK AND TRUST COMPANY 1-128
OF NEW YORK
50 WALL STREET

PAY TO THE ORDER OF ... $ 4,280.38

EXACTLY [illegible] DOLLARS

National Liberty Insurance Company of America
Special Account #8

Secretary

President

National Liberty Insurance Co. of America Special Account #8

THE NATIONAL CITY BANK OF NEW YORK
MAR 25 1936
RECEIVED PAYMENT
CLEARING HOUSE

4,280.38

THIS CHECK WILL NOT BE HONORED UNLESS PROPERLY ENDORSED ON THE BACK BY ALL PAYEES

Boston Insurance Company

Boston March 21 1931 No. G 19015

Pay to the order of J. Stuart Liquet $ 6097 15/100

THE SUM OF $6097 AND 15¢

IN THE SETTLEMENT OF Due & legal expenses Quarterly premium

LOSS PAID Boston and like battery Insurance

(ENDORSEMENT OF THIS CHECK BEING RECEIPT FOR SAID PAYMENT) 335

TO THE FIRST NATIONAL BANK

Boston, Massachusetts

THE PAYEE BY ENDORSEMENT BELOW ACKNOWLEDGES RECEIPT OF PAYMENT AS INDICATED ON THE FACE OF THIS CHECK

THE FIRST NATIONAL BANK

OF BOSTON

DEPARTMENT

435

D228a

WESTERN DEPARTMENT

THE ASSOCIATION OF PHILADELPHIA

72117

Pay to the Order of

C. & O. Street

THE SUM OF $1712.82¢

Legal Expense 1,712.82

To CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO
CHICAGO, ILLINOIS

L.E.M.

Dollars

D-28a

CP Queen

CP STREET 1ST

CITY NATIONAL BANK AND TRUST COMPANY OF CHICAGO

MAR 28 1934

P 11 M

PAID THROUGH CHICAGO CLEARING HOUSE

456

Judge Henson: Mr. Berger, it will be admitted that the T. J. Pendergast who has been mentioned through all this testimony was not in 1935 or at any time in his life a licensed practicing lawyer?

Mr. Berger: Yes.

Judge Henson: I think that is all, your Honor; unless there is something newly discovered some of these days, we will rest our case.

Whereupon, the defendants rested their case.

The Special Master: The defendants have rested, have the plaintiffs any testimony to offer?

Mr. Berger: Yes, we have one witness and some documentary evidence.

Plaintiffs' Case.

Whereupon, the plaintiffs, to sustain the issues in their behalf, offered testimony, oral and documentary, and made admissions as follows:

Mr. Berger: I would like now at this time to introduce the original report of Robert J. Folonie, Surviving Trustee, and Ernest A. Henne, Successor Trustee, which was filed in these cases in the federal court on the 25th of February, 1939.

(Said report, handed to the reporter, was marked for identification as "Plaintiffs' Exhibit 329, EFM.")

Mr. Berger: I would like to have leave to have the reporter copy this and then return it to me so that I can return it to the clerk of the court as it is an original court document.

Judge Henson: We have no objection to the offer.

(Which said Plaintiff's Exhibit 329, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

"PLAINTIFFS' EXHIBIT 329."

"*In The District Court Of Texas United States Of America For The Western District Of Missouri Central Division American Insurance Company a corporation, Plaintiff, -vs- Ray B. Lucas (Successor in office to George A. S. Robertson, Successor in office to R. Emmett O'Malley, Successor in office to Joseph B. Thompson), Superintendent of the Insurance De-*

partment of the State of Missouri, and Roy McKittrick (Successor in office to Stratton Shartel) Attorney General of the State of Missouri, Defendants. In Equity No. 270

(and related cases numbered In Equity between 271 and 426, both inclusive, which heretofore have not been dismissed by plaintiffs)

REPORT OF ROBERT J. FOLONIE, SURVIVING TRUSTEE, AND ERNEST A. HENNE, SUCCESSOR TRUSTEE

The undersigned, Robert J. Folonie, surviving Trustee, and Ernest A. Henne, successor Trustee, submit herewith a report of receipts and disbursements covering the entire time that the Trust herein involved has been in existence, namely, from the 7th day of February, 1936, to and including the 11th day of February, 1939.

The rights and duties of the Trustees are set forth in a certain Declaration of Trust, a true copy of which is attached hereto, marked Exhibit 'A' and made a part hereof. Charles R. Street, one of the Trustees designated under said Declaration of Trust, died on the first day of February, 1938, and the undersigned, Ernest A. Henne, was, on said date, appointed successor Trustee by the Subscribers Actuarial Committee, pursuant to the provisions of the said Declaration of Trust.

The sole and only assets at any time coming into the Trust Estate were securities and moneys transmitted from William T. Kemper, Custodian in the above entitled action, direct to City National Bank and Trust Company, Custodian under said Trust Agreement. The said City National Bank and Trust Company has collected the income upon the securities in the Trust Fund and has, in each instance, sold those securities which were converted into cash. The moneys received have been deposited in said bank to the credit of the Trustees and have been paid out solely on checks signed by both Trustees.

The affidavit of Robert J. Folonie attached hereto certifies to the correctness of said report in all respects, and the affidavit of Ernest A. Henne attached hereto certifies to the correctness of the report as respects all

transactions of the Trustees from the first day of February, 1938, to the 11th day of February, 1939.

Dated February 24, 1939.

Respectfully submitted,

(Signed) Robert J. Folonie
Surviving Trustee

(Signed) Ernest A. Henne
Successor Trustee

AFFIDAVIT OF ROBERT J. FOLONIE, ATTACHED TO AND FORMING A PART OF THE REPORT FILED IN FEDERAL COURT

State Of Illinois County Of Cook ss.

Robert J. Folonie, of lawful age, being first duly sworn, on oath, says: I have made detailed examination of the report of Walton, Joplin, Langer & Company, Certified Public Accountants, covering receipts and disbursements of Charles R. Street and Robert J. Folonie, Trustees, and Ernest A. Henne, Successor to Charles R. Street, deceased, which is attached to and made a part of the report of the Trustees. Said report is true in every particular to my personal knowledge.

The Trustees have never, at any time, received any moneys, securities, property, or any other thing of value except as set forth in said audit. All of the securities and moneys shown by said audit to have been received by the Trustees were transmitted directly from W. T. Kemper, Custodian in the above entitled actions, to City National Bank & Trust Company of Chicago, Custodian under the Trust Agreement (Exhibit 'A' attached to the Trustees' Report). All interest upon such securities was collected by City National Bank & Trust Company and credited to the account of the Trustees, and all securities which were converted into cash were sold by City National Bank & Trust Company and the proceeds credited to the account of the Trustees.

All payments from the Trust Funds were paid by checks drawn on City National Bank & Trust Company, signed by Robert J. Folonie and Charles R. Street, Trustees, during the latter's lifetime, and by Robert J. Folonie and Ernest A. Henne, Trustees, after the death of the said Charles R. Street. The original checks under which

all such disbursements were made are now in the possession of the Trustees and were examined by the auditors whose report is attached to the report of the Trustees.

The list of checks set forth in the auditors' report covers every disbursement made by the Trustees at any time and this list correctly sets forth the name of the payee actually receiving the check, the date and amount of each check, and its number. The list of voided checks set forth in said report is true and correct and none of said checks were cashed.

Each check is endorsed by the payee and banks only, except as specifically noted in auditors' report.

Every distribution or payment made by the Trustees to any of the fire insurance companies was made by me with the intent and understanding that the money would be received and retained by such fire insurance company. I never, at any time, had any agreement, express or implied, direct or indirect, that any such payment should be applied by any such fire insurance company in any way, or for any purpose, other than to be retained by such insurance company as its absolute property. No part of any money paid to any fire insurance company was ever returned to the Trustees, nor did any of said companies, at any time after the receipt of any payment from the Trustees, pay any sum of money, or deliver any securities, or thing of value whatsoever, to the Trustees. Nor did this affiant receive any money, securities or other thing of value from any of said companies after said payments were made, either as a return of any portion of said payments so made, or otherwise. The only moneys received by this affiant during said period from the Trust Funds, were solely in payment of the charges for legal services made by this affiant and his law partners, and each of said payments is set forth in detail in the auditors' report aforesaid. All of said moneys were received by myself and my partners and no part thereof was paid to any other person. Affiant says that incidental expense of affiant's law firm was reimbursed by Missouri Inspection Bureau, the total of such payments from January 1, 1936 to date being $1,868.08.

Affiant has no knowledge whatever respecting the supposed fund alleged by the *Amicus Curiae* and the Superintendant of Insurance to have been received by Mr. Street during the year 1936. At some time during the year 1936, C. R. Street presented to affiant a few

checks from fire insurance companies, some five to ten, more or less, in number, payable to C. R. Street and affiant, or to C. R. Street and Hicks & Folonie, and requested affiant to endorse such checks to C. R. Street, then stating that it was money which he was returning to, or accounting to the companies for. None of said checks were payable to the Trustees. Neither affiant nor his law firm had any interest in said checks or proceeds thereof, and affiant attached no importance to the circumstance and did not notice and cannot now state the amounts of said checks, the makers, or dates. Affiant has no knowledge as to whether this circumstance is in anywise related to the supposed fund suggested by *Amicus Curiae,* nor has affiant any knowledge as to the disposition made by C. R. Street of said checks, or the proceeds thereof.

Affiant further says that disbursements made by Trustees were on written order of Subscribers Actuarial Committee, in possession of affiant, that no orders, oral or in writing, were given by said Committee to affiant or to knowledge of affiant for any other disbursements than those shown in auditors' report.

Further affiant saith not.

(Signed) Robert J. Folonie

Subscribed and sworn to before me this 24th day of February, 1939.

(Signed) Lauretta A. Gauger

(Seal) Notary Public

My commission expires November 16, 1939

AFFIDAVIT OF ERNEST A. HENNE ATTACHED TO AND FORMING A PART OF THE REPORT FILED IN FEDERAL COURT

State Of Illinois County of Cook ss.

Ernest A. Henne, of lawful age, being first duly sworn, on oath says: I have carefully examined the report of Walton, Joplin, Langer & Company, Certified Public Accountants, covering receipts and disbursements of Charles R. Street and Robert J. Folonie, Trustees, and Ernest A. Henne, successor Trustee, attached hereto and made a part of the report of the Trustees.

As to that portion of the report covering transactions of the Trustees occurring prior to February 1, 1938, the date of my appointment, the facts stated are true to the best of my knowledge, information and belief. As to the transactions shown in said report occurring after February 1, 1938, the same are true and correct to my personal knowledge.

Further affiant saith not.

(Signed) Ernest A. Henne

Subscribed and sworn to before me this 24th day of February, 1939.

(Signed) Lawrence J. Lawson
Notary Public

(Seal)

My commission expires March 12, 1939"

DECLARATION OF TRUST.

The undersigned, Charles R. Street and Robert J. Folonie, do hereby declare themselves trustees of certain funds which now are or may hereafter come to their hands, and certain securities which now are or may come into their possession, under and pursuant to the terms of decree of the District Court of the United States for the Western District of Missouri, Central Division, being a certain decree entered in case in equity, No. 270 in said court, styled *"American Insurance Company, plaintiff,* v. *R. E. O'Malley, et al.,"* and other cases pending in said court being all pending cases in said court, from No. 270 to 426, both inclusive, in which series certain causes were not pending at February 1, 1936, but were theretofore dismissed. As such trustees we have reduced to possession certain securities now in the custody of City National Bank & Trust Company, as follows:

Receipt Number	Kind of Bonds	Denomination	Par Value
	Treasury Notes B1938, 2 7/8%, due 6-15-38	$100,000.00	$100,000.00
A94024	Treasury Notes B-1939, 1 3/8%, due 12-15-39	100,000.00	400,000.00
87	Home Owners' Loan A 3%, due 5-1-52	100,000.00	100,000.00
549	Treasury Bonds 1955-60 2 7/8%, due 3-15-60	100,000.00	200,000.00
A63940	Treasury Notes A 1938 2 5/8%, due 2-1-38	100,000.00	200,000.00

Receipt Number	Kind of Bonds	Denomination	Par Value
A76442	Treasury Bonds 3%, due 6-15-48	100,000.00	700,000.00
A65650	Treasury Bonds 1941 3¼%, due 8-1-41	100,000.00	600,000.00
A90151	Home Owners' A 3%, due 5-1-52	100,000.00	200,000.00

And it is anticipated that further sums of money and securities may, in like manner, come to our custody and control, pursuant to such decree and pursuant to decrees which may be entered by the Circuit Court of Cole County, Missouri, in case of *American Constitution Fire Assurance Company* v. *O'Malley*, or by order of the Supreme Court of Missouri in said cause on appeal.

Both of the undersigned do declare that they have no personal interest in said fund directly, altho said Robert J. Folonie has a contingent interest therein, arising out of unpaid fees and expenses which may, in the future, be discharged therefrom, for services rendered and to be rendered, and expenditures made and to be made in connection with such litigation.

Said moneys and securities above mentioned are held in trust for the benefit of interested insurance companies, namely, insurance companies involved in litigation in the courts of Missouri in connection with insurance rates, the general nature whereof is well known to such interested insurance companies so represented by said trustees.

The conduct of such litigation has been entrusted by various companies involved therein to the conduct and management of Subscribers Actuarial Committee, which is a committee existing and created by interested insurance companies for management of such litigation and who have had the conduct thereof under their supervision. The said committee has a membership which changes from time to time, the present membership thereof consisting of Charles R. Street, chairman; Herbert A. Clark, vice-chairman; George Bell, John C. Harding, Walter D. Williams, Ernest A. Henne and Fred W. Koeckert.

Said trustees will, out of the moneys in their hands, pay various sums provided in certain Memorandum of

Agreement, made May 18, 1935, between Charles R. Street, as agent for stock fire insurance companies, and R. Emmet O'Malley, superintendent of insurance, and witnessed by Robert J. Folonie and John T. Barker, a copy of which is hereto attached. Said trustees will undertake discharging the obligations of such agreement according to their interpretation and understanding thereof, and, in particular, payment of certain sums to the Superintendent of Insurance and his attorneys, as therein prescribed, and will additionally pay therefrom any sums arising by way of costs, fees, and expenses assessed or adjudged by any court in which such matters are pending, securing vouchers for such payments; and for other payments not so arising out of court orders, judgments, or assessment of costs and fees, will disburse moneys and securities in their hands under direction of Subscribers Actuarial Committee, which directions they will secure from them in writing, to be evidenced by orders or directions for payment upon certification of J. V. Parker, secretary for such committee, or his successor, of action of such committee, or upon the signed order of any two members of such committee, which shall be evidence of the action of such committee in authorizing and directing any payments from such moneys and funds.

The trustees may convert any of such securities and sell or cause to be sold any of them, and may invest or reinvest the proceeds thereof in their discretion.

Such trustees shall continue to act until the purposes of the trust are completed, namely, disposition of all financial attributes of such litigation, including not only sums assessed against the companies for costs, fees and expenses which may properly be discharged therefrom, but also such fees, expenses, repayments of loans or other disbursements which may be so certified to them by Subscribers Actuarial Committee in the manner in which certification thereof is above provided.

The trustees will keep such amount as they deem proper from time to time in bank account, subject to their withdrawal, and, when the purposes of the trust are completed, will distribute the amount remaining under direction of Subscribers Actuarial Committee.

In the event of the death or written resignation of C. R. Street, or upon some new person being created as chairman of Subscribers Actuarial Committee, the Subscribers Actuarial Committee may designate a successor,

and such successor, as a condition of succession, shall cause notice thereof to be given to W. T. Kemper, custodian, or his successor in that position; and upon the death or resignation in writing of Robert J. Folonie, the Subscribers Actuarial Committee shall select a successor, who shall be an attorney at law and who shall, if the said case in the District Court of the United States above mentioned be still pending in any particular, file an entry of appearance in said court and show his succession to the court and file his appearance therein and submit to the jurisdiction of said court.

Said trustees declare it to be their intent, after the purposes of this trust are fulfilled, to distribute to insurance companies, or representatives of insurance companies entitled thereto, the remaining part of such fund and secure the approval of Subscribers Actuarial Committee to such proposed distribution as making an appropriate distribution thereof.

It is here set forth as information for the benefit of all parties concerned that the Subscribers Actuarial Committee is a Committee created by the companies, of all classes, who are subscribers to certain activities in which the companies are individually and jointly interested, one of the functions of the Subscribers Actuarial Committee being representation of all companies associated in litigation concerning matters of general interest, which included and includes the rate litigation in the State of Missouri.

Said trustees propose to open a bank account with City National Bank & Trust Company and to give directions to said City National Bank & Trust Company from time to time as to the sale, purchase or conversion of securities, and to make withdrawals from deposits by them made in such bank; but said City National Bank & Trust Company shall not be required to inquire into the authority of said trustees in any acts by them so taken, nor justification nor warrant of said trustees in making any payments, nor verify that appropriate authority from Subscribers Actuarial Committee has been secured by such trustees for performance of any act by them.

In Witness Whereof, we have hereunto affixed our signatures and seals this 7th day of February, A. D. 1936.

(Signed) Charles R. Street (Seal)

(Signed) Robert J. Folonie (Seal)

WALTON, JOPLIN, LANGER & Co.
Certified Public Accountants
231 South LaSalle Street
Chicago

Members
American Institute
Of Accountants
National Association
Cost Accountants

John A. Stolp, C. P. A.
Edw. Wm. Krueger, C. P. A.
Walter H. Rohe, C. P. A.

We have made an examination of the books and records of Robert J. Folonie (C. R. Street, Deceased February 1, 1938, E. A. Henne, Successor) Trustees under a certain declaration of trust dated February 7, 1936 and present herewith the following statements:

Exhibit A, Summary Statement of Cash Receipts and Disbursements, February 7, 1936 to February 11, 1939

" B, Detailed Statement of Cash Receipts February 7, 1936 to February 11, 1939.

" C, Detailed Statement of Cash Disbursements, February 7, 1936 to February 11, 1939

" D, Statement of Securities and Cash Received from W. T. Kemper, Custodian and Total Collections, Realized therefrom by Trustees, February 7, 1936 to February 11, 1939

" E, Statement of Distributions to Insurance Companies.

In connection with our examination we found that all income due from securities was properly collected.

We examined cancelled checks for all disbursements. The disbursements were further supported by receipted statements except as to the payment of $197.70 to Chas. W. Hermann, Jr. and except as to payments to insurance

companies which, however, were evidenced by the cancelled checks. The cancelled checks were endorsed only by payees and banks except as to certain checks to Robert J. Folonie which were endorsed by McKinney, Folonie & Grear, and check No. 1 to R. E. O'Malley, Superintendent of Insurance, Missouri, which was endorsed by stamp as follows:

"Pay to the order of Richard R. Nacy, State Treasurer for Deposit only February 20, 1936 Insurance Department of Missouri R. E. O'Malley, Superintendent of Insurance."

"Pay to the order of Central Missouri Trust Co. Jefferson City, Missouri February 21, 1936, Richard R. Nacy, Treasurer of Missouri."

Authorizations from the Subscribers Actuarial Committee directing the payment of all disbursements are on file with the trustees. We made no verification of the authenticity of such authorizations.

The City National Bank and Trust Company of Chicago was the sole depository of the trustees. All receipts and disbursements as detailed in Exhibits B and C were checked with the bank's original records at the office of the bank, and we hereby certify that the receipts and disbursements as detailed in Exhibits B and C correspond with the records of the bank in all respects and that there are no other receipts or disbursements shown by the bank's records with the following exceptions:

On May 25, 1936 the bank's records showed a credit of $50,000.00 and a debit of $50,000.00 on the same date reversing the previous entry. These entries on the bank's records do not appear on the trustees' books nor in the detailed statements of cash receipts and disbursements (Exhibits B and C). On May 25, 1936 the trustees deposited a check for $50,000.00 received from W. T. Kemper, Custodian. The bank called attention to the fact that the exchange charge on this check would be a considerable item and suggested that the check be put through as a collection item. The bank then reversed the credit entry for $50,000.00 and on May 26, 1936 cred-

ited the trustees' account with $49,999.90, representing the collection on the $50,000.00 check less a collection charge of ten cents. The authenticity of these entries was evidenced by the collection memorandum in the bank's files for the credit of $49,999.90 which stated thereon, "Deposited May 25, 1936, charged back and entered for collection May 25, 1936."

In Exhibit C there are listed a large number of voided checks among check numbers 7 to 147, inclusive. The Subscribers Actuarial Committee originally directed the trustees to make a distribution of 6 per cent of impounded premiums to the insurance companies as of March 9, 1936. Checks in this amount were made out to the insurance companies. The Subscribers' Actuarial Committee then revoked this order and directed a payment of 11 per cent of impounded premiums to the insurance companies. The checks for the 6 per cent payment were then voided except in the case of twelve checks which were delivered to the insurance companies, and in those cases the insurance companies received a further check in the amount of 5 per cent of impounded premiums to give them a total distribution of 11 per cent as of March 9, 1936. Where insurance companies received two checks for the 11 per cent distribution the checks are cross-referenced in Exhibit C.

At February 11, 1939 the trustees had received an authorization from the Subscribers' Actuarial Committee approving the payment of $20,000.00 to Morrison, Nugent, Berger, Byers & Johns for legal services for the year 1938, but payment had not been made for such services at February 11, 1939.

The sole asset of the trustees at February 11, 1939 was cash on deposit in the amount of $120,620.08 as shown in Exhibit A, which amount was certified to by the depository, the City National Bank and Trust Company of Chicago.

(Signed) Walton, Joplin, Langer & Co.

Chicago, Illinois
February 23, 1939.

EXHIBIT A.

PAGE 1.

ROBERT J. FOLONIE (C. R. STREET, DECEASED FEBRUARY 1, 1938, E. A. HENNE, SUCCESSOR) TRUSTEES

Summary Statement of Cash Receipts and Disbursements
February 7, 1936 to February 11, 1939

CASH RECEIPTS:			
On sale of Securities (Exhibit D):			
Par Value	$2,500,000.00		
Premiums received above par	115,179.70		
Accrued Interest	9,383.33	$2,624,563.03	
On collection of Coupons on Securities (Exhibit D)		44,562.50	
Cash collections from W. T. Kemper, Custodian	101,436.67		
Less: Bank Collection Charges	.20	101,436.47	$2,770,562.00
CASH DISBURSEMENTS:			
To R. E. O'Malley, Superintendent of Insurance, in pro rata payment of sum of $200,000.00 payable pursuant to terms of settlement agreement of May 18, 1935		169,440.00	
To John T. Barker in pro rata payment of sum of $500,000.00 payable pursuant to terms of settlement agreement of May 18, 1935		423,600.00	
To Mercantile-Commerce Bank & Trust Co., St. Louis, in payment of note dated December 12, 1935		150,000.00	
To Hicks and Folonie for legal services		95,000.00	
To Robert J. Folonie for legal services		150,000.00	
To McKinney, Folonie and Grear for legal services		55,000.00	
To Morrison, Nugent, Wylder and Berger for legal services		85,000.00	
To Morrison, Nugent, Berger, Byers and Johns for legal services		22,500.00	
To Raglund, Otto and Potter:			
For legal services	20,000.00		
For expenses	313.46	20,313.46	
To Igoe, Carroll and Keefe for legal services		30,000.00	
To David W. Peters:			
For legal services	1,500.00		
For expenses	100.00	1,600.00	
To W. S. Peters for shorthand reporting		470.80	

To Chas. W. Hermann, Jr. for court reporting	197.70	
To Gus G. LeCompte for court reporting	175.00	
To Lawton-Byrne-Bruner Insurance Agency Company for premium payment on bond	1,062.50	
To Fidelity & Deposit Co. for premium payment on injunction bond	458.90	
To W. B. Johnson & Co. for premium payments on appeal bond	500.00	
To City National Bank and Trust Company, Chicago for safekeeping services	1,085.95	
To City National Bank and Trust Company, Chicago for exchange charges	.47	
Carried forward	1,206,404.78	2,770,562.00

EXHIBIT A.

PAGE 2.

Summary Statement of Cash Receipts and Disbursements
February 7, 1936 to February 11, 1939

CASH RECEIPTS brought forward			$2,770,562.00
CASH DISBURSEMENTS brought forward and continued		$1,206,404.78	
To V. Frank Banta for preparation of 1936 Federal income tax return		50.00	
To Walton, Joplin, Langer & Co. for auditing services and preparation of 1937 Federal income tax return		242.50	
To insurance Companies (Exhibit E):			
Mar. 9, 1936 - 11% of impounded premiums	$992,230.69		
Dec. 24, 1937 - 5% of impounded premiums	451,013.95	1,443,244.64	
Total Cash Disbursements			2,649,941.92
Balance on Deposit at City National Bank and Trust Company, Chicago at February 11, 1939			$ 120,620.08

EXHIBIT B.

PAGE 1.

ROBERT J. FOLONIE (C. R. STREET, DECEASED FEBRUARY 1, 1938, E. A. HENNE, SUCCESSOR) TRUSTEES

Detailed Statement of Cash Receipts
February 7, 1936 to February 11, 1939

Date			
Feb. 8, 1936	Proceeds of sale of United States of America 3¼% Treasury Bonds due 8-1-41:		
	Par value	$600,000.00	
	Premium received	50,437.50	
	Accrued interest received 2-1-36 to 2-8-36	379.16	$ 650,816.66
Feb. 8, 1936	Proceeds of sale of United States of America 2-⅞% Treasury Bonds due 3-15-60:		
	Par value	100,000.00	
	Premium received	406.25	
	Accrued interest received 9-15-35 to 2-8-36	1,142.01	101,548.26
Feb. 8, 1936	Proceeds of sale of Home Owners' Loan Corporation, Series "A" Bonds due 5-1-52:		
	Par value	300,000.00	
	Premium received	3,375.00	
	Accrued interest received 11-1-35 to 2-8-36	2,425.00	305,800.00
Mar. 10, 1936	Proceeds of sale of United States of America 2-⅝% Treasury Notes due 2-1-38:		
	Par value	200,000.00	
	Premium received	9,375.00	
	Accrued interest received 2-1-38 to 3-10-36	548.08	209,923.08
Mar. 16, 1936	Collection of March 15, 1936 coupons on $100,000 par value United States of America 2-⅞% Treasury Bonds due 3-15-36		1,437.50
Mar. 18, 1936	Proceeds of sale of United States of America 2-⅞% Treasury Bonds due 3-15-60:		
	Par value	100,000.00	
	Premium received	1,406.25	
	Accrued interest received 3-15-36 to 3-18-36	23.96	101,430.21
Mar. 18, 1936	Proceeds of sale of United States of America 1-⅜% Treasury Notes due 12-15-39:		
	Par value	400,000.00	
	Premium received	4,750.00	
	Accrued interest received 12-15-35 to 3-18-36	1,412.56	406,162.56

EXHIBIT B.

PAGE 2.

Detailed Statement of Cash Receipts
February 7, 1936 to February 11, 1939

Date				
Apr. 14, 1936	Proceeds of sale of United States of America 2-¾% Treasury Notes due 6-15-38:			
	Par value		$100,000.00	
	Premium received		5,406.25	
	Accrued interest received 12-15-35 to 4-14-36		950.48	$ 106,356.73
May 26, 1936	Check from W. T. Kemper, Custodian		50,000.00	
	Less: Collection charge		.10	49,999.90
June 15, 1936	Collection of June 15, 1936 coupons on $700,000 par value United States of America 3% Treasury Bonds due 6-15-48			10,500.00
June 17, 1936	Check from W. T. Kemper, Custodian		48,000.00	
	Less: Collection charge		.10	47,999.90
Oct. 3, 1936	Check from W. T. Kemper, Custodian			3,436.67
Dec. 15, 1936	Collection of December 15, 1936 coupons on $700,000 par value United States of America 3% Treasury Bonds due 6-15-48			10,500.00
June 15, 1937	Collection of June 15, 1937 coupons on $700,000 par value United States of America 3% Treasury Bonds due 6-15-48			10,500.00
Sept. 3, 1937	Proceeds of sale of United States of America 3% Treasury Bonds due 6-15-48:			
	Par value		50,000.00	
	Premium received		1,750.00	
	Accrued interest received 6-15-37 to 9-3-37		325.00	52,075.00
Nov. 5, 1937	Proceeds of sale of United States of America 3% Treasury Bonds due 6-15-48:			
	Par value		75,000.00	
	Premium received		3,304.69	
	Accrued interest received 6-15-37 to 11-5-37		875.00	79,179.69
Dec. 15, 1937	Collection of December 15, 1937 coupons on $575,000 par value United States of America 3% Treasury Bonds due 6-15-48			8,625.00
Dec. 22, 1937	Proceeds of sale of United States of America 3% Treasury Bonds due 6-15-48:			
	Par value		425,000.00	
	Premium received		22,179.69	
	Accrued interest received 12-15-37 to 12-22-37		247.92	447,427.61

EXHIBIT B.

PAGE 3.

Detailed Statement of Cash Receipts
February 7, 1936 to February 11, 1939

Date			
May 26, 1938	Proceeds of sale of United States of America 3% Treasury Bonds due 6-15-48:		
	Par value	$ 50,000.00	
	Premium received	3,710.94	
	Accrued interest received 12-15-37 to 5-26-38	670.83	$ 54,381.77
June 15, 1938	Collection of June 15, 1938 coupons on $100,000 par value United States of America 3% Treasury Bonds due 6-15-48		1,500.00
Dec. 15, 1938	Collection of December 15, 1938 coupons on $100,000 par value United States of America 3% Treasury Bonds due 6-15-48		1,500.00
Feb. 2, 1939	Proceeds of sale of United States of America 3% Treasury Bonds due 6-15-48:		
	Par value	100,000.00	
	Premium received	9,078.13	
	Accrued interest received 12-15-38 to 2-2-39	383.33	109,461.46
	Total Receipts for the Period		$2,770,562.00

EXHIBIT C.

PAGE 1.

ROBERT J. FOLONIE (C. R. STREET, DECEASED FEBRUARY 1, 1938, E. A. HENNE, SUCCESSOR) TRUSTEES

Detailed Statement of Cash Disbursements

February 7, 1936 to February 11, 1939

Check Number-	Date			
1	Feb. 10, 1936	To R. E. O'Malley, Superintendent of Insurance, Missouri, in pro rata payment of sum of $200,000 payable pursuant to terms of settlement agreement of May 18, 1935		$ 169,440.00
2	Feb. 10, 1936	To John T. Barker in pro rata payment of sum of $500,000 payable pursuant to terms of settlement agreement of May 18, 1935		423,600.00
3	Feb. 17, 1936	To Lawton-Byrne-Bruner Insurance Agency Company for premium payment on bond		1,062.50
4	Feb. 17, 1936	To Fidelity & Deposit Co. for premium payments on injunction bond		458.90
5	Mar. 6, 1936	To Hicks & Folonie for 1933 and 1934 legal services		95,000.00
6	Mar. 6, 1936	To David W. Peters		1,600.00
		For legal services	$ 1,500.00	
		For expenses	100.00	
			$ 1,600.00	
		Distribution to Insurance Companies, representing a 11% payment of impounded premiums:		
7		Voided		
8		"		
9		"		
10		"		
11		"		
12		"		
13		"		
14		"		
15		"		
16		"		
17		"		
18		"		
19		"		
20		"		
21		"		
22		"		
23		"		
24		"		
25		"		

EXHIBIT C.

PAGE 2.

Detailed Statement of Cash Disbursements February 7, 1936 to February 11, 1939

Check Number-	Date		
26		Voided	
27		"	
28		"	
29		"	
30			
31	Mar. 9, 1936	Concordia Fire Insurance Co. (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 172)	$ 3,429.89
32		Voided	
33		"	
34		"	
35		"	
36		"	
37		"	
38		"	
39		"	
40		"	
41		"	
42			
43	Mar. 9, 1936	Fire Association of Philadelphia (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 184)	4,625.84
44		Voided	
45	Mar. 9, 1936	Firemens Insurance Co. (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 186)	7,214.88
46		Voided	
47		"	
48		"	
49	Mar. 9, 1936	Girard Fire & Marine Insurance Co. (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 190)	2,184.30
50		Voided	
51		"	
52		"	
53		"	
54		"	
55		"	
56		"	
57		"	
58		"	
59		"	
60		"	

EXHIBIT C.

PAGE 3.

Detailed Statement of Cash Disbursements
February 7, 1936 to February 11, 1939

Check Number	Date			
61			Voided	
62			"	
63			"	
64			"	
65			"	
66			"	
67			"	
68			"	
69			"	
70	Mar.	9, 1936	Lumbermen's Insurance Co. (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 211)	$ 1,928.10
71			Voided	
72			"	
73	Mar.	9, 1936	Mechanics Insurance Co. (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 214)	464.59
74			Voided	
75			"	
76			"	
77	Mar.	9, 1936	Mercury Insurance Co. (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 218)	1,596.45
78			Voided	
79	Mar.	9, 1936	Milwaukee Mechanics Insurance Co. (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 220)	4,065.27
30	Mar.	9, 1936	National Ben Franklin Fire Insurance Co. (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 221)	1,631.92
81			Voided	
82			"	
83			"	
84			"	
85			"	
86			"	
87			"	
88			"	
89			"	
90			"	
91			"	
92			"	

EXHIBIT C.

PAGE 4.

Detailed Statement of Cash Disbursements February 7, 1936 to February 11, 1939

Check Number	Date		
93		Voided	
94		"	
95		"	
96		"	
97		"	
98		"	
99		"	
100		"	
101		"	
102		"	
103		"	
104		"	
105		"	
106		"	
107		"	
108		"	
109		"	
110			
111	Mar. 9, 1936	Reliance Insurance Co. (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 252)	$ 1,254.82
112		Voided	
113		"	
114		"	
115			
116	Mar. 9, 1936	St. Paul Fire & Marine Insurance Co. (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 257)	4,946.14
117		Voided	
118		"	
119		"	
120		"	
121		"	
122		"	
123		"	
124		"	
125		"	
126		"	
127		"	
128		"	
129		"	
130		"	
131		"	

EXHIBIT C.

PAGE 5.

Detailed Statement of Cash Disbursements February 7, 1936 to February 11, 1939

Check Number	Date				
132				Voided	
133				"	
134				"	
135				"	
136				"	
137				"	
138	Mar.	9,	1936	Victory Insurance Co. (This check represents a 6% distribution; balance of 5% on this distribution paid by Check No. 279)	$ 757.35
139				Voided	
140				"	
141				"	
142				"	
143				"	
144				"	
145				"	
146				"	
147				"	
148	Mar.	9,	1936	American Insurance Co.	19,568.80
149	"	"	"	Agricultural Insurance Co.	4,489.97
150	"	"	"	Aetna Insurance Co.	23,820.38
151	"	"	"	Alliance Insurance Co.	2,370.35
152	"	"	"	American Alliance Insurance Co.	8,786.94
153	"	"	"	American Central Insurance Co.	16,694.87
154	"	"	"	American Eagle Fire Insurance Co.	5,192.61
155	"	"	"	American Union Insurance Co.	2,766.32
156	"	"	"	Atlas Assurance Co.	4,750.18
157	"	"	"	Automobile Insurance Co.	11,699.43
158	"	"	"	Bankers & Shippers Insurance Co.	4,534.14
159	"	"	"	Boston Insurance Co.	11,551.21
160	"	"	"	British American Assurance Co.	1,192.82
161	"	"	"	Caledonian Insurance Co.	1,090.12
162	"	"	"	California Insurance Co.	2,151.96
163	"	"	"	Camden Fire Insurance Association	5,063.50
164	"	"	"	Chicago Fire & Marine Insurance Co.	1,137.83
165	"	"	"	Citizens Insurance Co.	6,076.83
166	"	"	"	City of New York Insurance Co.	5,876.64
167	"	"	"	Columbia Insurance Co.	418.21
168	"	"	"	Columbia Fire Insurance Co.	1,813.06
169	"	"	"	Commerce Insurance Co.	850.36
170	"	"	"	Commercial Union Assurance Co.	7,465.14
171	"	"	"	Commercial Union Fire Insurance Co.	3,046.33
172	"	"	"	Concordia Fire Insurance Co. (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 31)	2,858.24

EXHIBIT C.

PAGE 6.

Detailed Statement of Cash Disbursements
February 7, 1936 to February 11, 1939

Check Number	Date				
173	Mar.	9,	1936	Connecticut Fire Insurance Co.	$11,025.92
174	"	"	"	Continental Insurance Co.	31,518.13
175	"	"	"	County Fire Insurance Co.	570.98
176	"	"	"	Detroit Fire & Marine Insurance Co.	1,974.34
177	"	"	"	Dubuque Fire & Marine Insurance Co.	6,400.91
178	"	"	"	Eagle Fire Insurance Co. of N. Y.	1,972.52
179	"	"	"	Eagle Star & British Dominion Insurance Co.	2,262.87
180	"	"	"	East & West Insurance Co.	2,865.63
181	"	"	"	Equitable Fire & Marine Insurance Co.	3,929.33
182	"	"	"	Federal Union Insurance Co.	1,416.39
183	"	"	"	Fidelity-Phenix Fire Insurance Co.	37,036.10
184	"	"	"	Fire Association of Philadelphia (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 43)	3,854.86
185	"	"	"	Firemen's Fund Insurance Co.	12,626.26
186	"	"	"	Firemen's Insurance Co. (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 45)	6,012.40
187	"	"	"	First American Fire Insurance Co.	2,867.80
188	"	"	"	Franklin Fire Insurance Co.	17,742.14
189	"	"	"	Franklin National Insurance Co.	2,086.43
190	"	"	"	Girard Fire & Marine Insurance Co. (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 49)	1,820.25
191	"	"	"	Glens Falls Insurance Co.	5,479.88
192	"	"	"	Globe & Rutgers Fire Insurance Co.	6,276.18
193	"	"	"	Granite State Fire Insurance Co.	1,799.52
194	"	"	"	Great American Insurance Co.	24,115.60
195	"	"	"	Guaranty Fire Insurance Co.	638.76
196	"	"	"	Hanover Fire Insurance Co.	9,056.26
197	"	"	"	Hartford Fire Insurance Co.	52,424.01
198	"	"	"	Home Insurance Co.	72,481.94
199	"	"	"	Home Fire & Marine Insurance Co.	2,770.30
200	"	"	"	Hudson Insurance Co.	1,354.47
201	"	"	"	Imperial Assurance Co.	2,339.71
202	"	"	"	Importers & Exporters Insurance Co.	5,460.96
203	"	"	"	Insurance Company of North America	19,587.45
204	"	"	"	Insurance Company of State of Pennsylvania	4,128.71
205	"	"	"	Law Union & Rock Insurance Co.	2,876.79
206	"	"	"	Liverpool & London & Globe Insurance Co.	19,023.87
207	"	"	"	London Assurance Corporation	6,594.00

EXHIBIT C.

PAGE 7.

Detailed Statement of Cash Disbursements
February 7, 1936 to February 11, 1939

Check Number	Date				
208	Mar.	9,	1936	London & Lancashire Insurance Co.	$ 8,255.62
209	"	"	"	London & Provincial Marine & General Insurance Co.	1,061.92
210	"	"	"	London & Scottish Assurance Corp.	1,481.32
211	"	"	"	Lumbermens Insurance Co. (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 70)	1,606.75
212	"	"	"	Manhattan Fire & Marine Insurance Co.	1,092.73
213	"	"	"	Massachusetts Fire & Marine Insurance Co.	1,719.88
214	"	"	"	Mechanics Insurance Co. (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 73)	387.17
215	"	"	"	Merchants Insurance Co.	2,223.98
216	"	"	"	Merchants Fire Assurance Corporation	6,628.58
217	"	"	"	Merchants Fire Insurance Co.	1,335.21
218	"	"	"	Mercury Insurance Co. (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 77)	1,330.37
219	"	"	"	Michigan Fire & Marine Insurance Co.	1,741.83
220	"	"	"	Milwaukee Mechanics Insurance Co. (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 79)	3,387.72
221	"	"	"	National Ben Franklin Fire Insurance Co. (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 80)	1,359.93
222	"	"	"	National Fire Insurance Co.	33,870.37
223	"	"	"	National Liberty Insurance Co.	9,372.85
224	"	"	"	National Reserve Insurance Co.	1,487.34
225	"	"	"	National Security Fire Insurance Co.	1,214.82
226	"	"	"	National Union Fire Insurance Co.	8,841.79
227	"	"	"	Newark Fire Insurance Co.	3,137.38
228	"	"	"	New England Fire Insurance Co.	1,754.40
229	"	"	"	New Hampshire Fire Insurance Co.	8,435.27
230	"	"	"	New Jersey Insurance Co.	3,085.00
231	"	"	"	New York Underwriters Insurance Co.	16,602.45
232	"	"	"	Niagara Fire Insurance Co.	5,496.24
233	"	"	"	Northern Assurance Co. Ltd.	9,321.75
234	"	"	"	Northern Insurance Co.	8,006.26
235	"	"	"	North River Insurance Co.	7,405.25

EXHIBIT C.

PAGE 8.

Detailed Statement of Cash Disbursements
February 7, 1936 to February 11, 1939

Check Number	Date				
236	Mar.	9,	1936	Northwestern Fire & Marine Insurance Co.	$ 1,441.86
237	"	"	"	Norwich Union Fire Insurance Society, Ltd.	4,843.02
238	"	"	"	Old Colony Insurance Co.	1,862.52
239	"	"	"	Orient Insurance Co.	7,713.73
240	"	"	"	Pacific Fire Insurance Co.	3,524.78
241	"	"	"	Palatine Insurance Co., Ltd.	3,672.23
242	"	"	"	Patriotic Insurance Co.	548.49
243	"	"	"	Philadelphia Fire & Marine Insurance	5,617.05
244	"	"	"	Phoenix Assurance Co., Ltd.	8,503.43
245	"	"	"	Phoenix Insurance Co.	13,258.61
246	"	"	"	Central States Fire Insurance Co.	3,695.33
247	"	"	"	Minneapolis Fire & Marine Insurance Co.	2,482.83
248	"	"	"	Presidential Fire & Marine Insurance Co.	390.12
249	"	"	"	Providence Washington Insurance Co.	4,810.80
250	"	"	"	Provident Fire Insurance Co.	847.40
251	"	"	"	Queen Insurance Co. of America	11,323.14
252	"	"	"	Reliance Insurance Co. (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 111)	1,045.68
253	"	"	"	Rhode Island Insurance Co.	5,825.77
254	"	"	"	Royal Exchange Assurance	12,066.93
255	"	"	"	Royal Insurance Co. Ltd.	10,779.72
256	"	"	"	Safeguard Insurance Co.	1,089.87
257	"	"	"	St. Paul Fire & Marine Insurance Co. (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 116)	4,121.78
258	"	"	"	Scottish Union & National Insurance Co.	9,711.92
259	"	"	"	Security Insurance Co.	6,513.65
260	"	"	"	Sentinel Fire Insurance Co.	2,270.88
261	"	"	"	Springfield Fire & Marine Insurance Co.	29,040.25
262	"	"	"	Standard Fire Insurance Co.	2,949.23
263	"	"	"	Standard Fire Insurance Co.	6,360.26
264	"	"	"	Star Insurance Co. of America	3,160.40
265	"	"	"	State Assurance Co. Ltd.	1,133.37
266	"	"	"	Stuyvesant Insurance Co.	2,577.12
267	"	"	"	Sun Insurance Office, Ltd.	7,900.33
268	"	"	"	Superior Fire Insurance Co.	2,233.47
269	"	"	"	Svea Fire & Life Insurance Co.	1,425.41
270	"	"	"	Tokio Marine & Fire Insurance Co.	3,955.30
271	"	"	"	Transcontinental Insurance Co.	1,465.72
272	"	"	"	Travelers Fire Insurance Co.	19,224.06

EXHIBIT C.

PAGE 9.

Detailed Statement of Cash Disbursements
February 7, 1936 to February 11, 1939

Check Number	Date					
273	Mar.	9,	1936	Twin City Fire Insurance Co.	$ 1,084.05	
274	"	"	"	Union Assurance Society, Ltd.	1,689.17	
275	"	"	"	Union Fire Insurance Co.	1,746.00	
276	"	"	"	United Firemens Insurance Co.	236.25	
277	"	"	"	United States Fire Insurance Co.	16,718.31	
278	"	"	"	United States Merchants & Shippers Insurance Co.	921.80	
279	"	"	"	Victory Insurance Co. (This check represents a 5% distribution; balance of 6% on this distribution paid by Check No. 138)	631.12	
280	"	"	"	Westchester Fire Insurance Co.	7,848.29	
281	"	"	"	Western Assurance Co.	2,036.24	
282	"	"	"	Western Fire Insurance Co.	3,732.60	
283	"	"	"	World Fire & Marine Insurance Co.	2,561.93	
284	"	"	"	Yorkshire Insurance Co.	4,340.45	
285	"	"	"	Mechanics & Traders Insurance Co.	3,618.73	
286	"	"	"	Potomac Insurance Co.	5,391.63	
287	"	"	"	Underwriters Grain Association	4,556.16	
288	"	"	"	Pittsburgh Underwriters	329.86	
				Total distribution to Insurance Companies on first distribution		992,230.69
289	Apr.	8,	1936	To W. S. Peters for shorthand reporting		470.80
290	"	10,	"	To Morrison Nugent, Wylder & Berger for legal services		20,000.00
291	"	15,	"	To Mercantile-Commerce Bank & Trust Co., St. Louis, in payment of note dated December 12, 1935		150,000.00
292	May	14,	"	To W. B. Johnson & Co. for premium payment on appeal bond		250.00
293	"	"	"	To City National Bank and Trust Company, Chicago for safekeeping services to May 5, 1936		187.50
294	Aug.	10,	1936	To City National Bank and Trust Company, Chicago for safekeeping services to August 5, 1936		131.25
295				Missing		
(1)	Oct.	3,	"	To City National Bank and Trust Company, Chicago for exchange charge		.67
296	"	24,	"	To Robert J. Folonie on account, 1935 legal services		50,000.00
297	"	24,	"	To Morrison, Nugent, Wylder & Berger for balance due on 1935 legal services		40,000.00
298	Nov.	13,	"	To City National Bank and Trust Company, Chicago for safekeeping services to November 5, 1936		131.25

(1) Bank memo charge.

EXHIBIT C.

PAGE 10.

Detailed Statement of Cash Disbursements
February 7, 1936 to February 11, 1939

Check Number	Date				
299	Feb.	12, 1937	To City National Bank and Trust Company, Chicago for safekeeping services to February 5, 1937		131.25
300	Mar.	9, 1937	To Ragland, Otto & Potter , For legal services	$15,000.00	15,313.46
			For expenses	313.46	
				$15,313.46	
(1)	Apr.	27, "	To Chas. W. Hermann, Jr. for court reporting		197.70
(1)	May	17, "	To City National Bank and Trust Company, Chicago for safekeeping services to May 5, 1937		131.25
303	June	17, "	To W. B. Johnson & Co. for premium payment on appeal bond		250.00
304	"	17, "	To V. Frank Banta for preparation of 1936 Federal Income Tax Return		50.00
305	July	6, "	To Walton, Joplin, Langer & Co. for audit of trustees' books to March 18, 1937		50.00
306	Aug.	5, "	To Morrison, Nugent, Wylder & Berger for 1936 legal services		25,000.00
304	"	20, "	To Ragland, Otto & Potter for balance due on 1935 and 1936 legal services		5,000.00
305	"	23, "	To City National Bank and Trust Company for safekeeping services to August 5, 1937		131.25
307	Sept.	7, "	To Robert J. Folonie on account 1935 and 1936 legal services		50,000.00
306	"	7, "	To Igoe, Carroll & Keefe for 1935 and 1936 legal services		15,000.00
(1)	Oct.	1, "	To Gus G. LeCompte, court reporter, for preparation of bill of exceptions		175.00
(1)	Nov.	10, "	To City National Bank and Trust Company for safekeeping services to November 5, 1937		121.85
310	Dec.	15, "	To Robert J. Folonie for balance due on 1935 and 1936 legal services		50,000.00
			Distributions to Insurance Companies, representing a 5% payment of impounded premiums:		
311	Dec.	24, 1937	Agricultural Insurance Co.	2,040.90	
312	"	" "	American Insurance Co.	8,894.91	

(1) Checks carried no numbers. Probably should have been numbered 301, 302, 308 and 309.

EXHIBIT C.

PAGE 11.

Detailed Statement of Cash Disbursements
February 7, 1936 to February 11, 1939

Check Number	Date				
313	Dec.	24,	1937	Aetna Insurance Co.	$10,827.45
314	"	"	"	Alliance Insurance Co.	1,077.43
315	"	"	"	American Alliance Insurance Co.	3,994.06
316	"	"	"	American Central Insurance Co.	7,588.58
317	"	"	"	American Eagle Fire Insurance Co.	2,360.28
318	"	"	"	American Union Insurance Co.	1,257.42
319	"	"	"	Atlas Insurance Co.	2,159.17
320	"	"	"	Automobile Insurance Co.	5,317.92
321	"	"	"	Bankers & Shippers Insurance Co.	2,060.97
322	"	"	"	Boston Insurance Co.	5,250.55
323	"	"	"	British American Assurance Co.	542.19
324	"	"	"	Caledonian Insurance Co.	495.51
325	"	"	"	California Insurance Co.	978.16
326	"	"	"	Camden Fire Insurance Co.	2,301.59
327	"	"	"	Chicago Fire & Marine Insurance Co.	517.20
328	"	"	"	Citizens Insurance Co.	2,762.20
329	"	"	"	City of New York Insurance Co.	2,671.20
330	"	"	"	Columbia Insurance Co.	190.09
331	"	"	"	Columbia Fire Insurance Co.	824.12
332	"	"	"	Commerce Insurance Co.	386.53
333	"	"	"	Commercial Union Assurance Co.	3,393.24
334	"	"	"	Commercial Union Fire Insurance Co.	1,384.69
335	"	"	"	Concordia Fire Insurance Co.	2,858.24
336	"	"	"	Connecticut Fire Insurance Co.	5,011.78
337	"	"	"	Continental Insurance Co.	14,326.42
338	"	"	"	County Fire Insurance Co.	259.54
339	"	"	"	Detroit Fire & Marine Insurance Co.	897.43
340	"	"	"	Dubuque Fire & Marine Insurance Co.	2,909.50
341	"	"	"	Eagle Fire Insurance Co. of N. Y.	896.60
342	"	"	"	Eagle Star & British Dominion Insurance Co.	1,028.58
343	"	"	"	East & West Insurance Co.	1,302.56
344	"	"	"	Equitable Fire & Marine Insurance Co.	1,786.06
345	"	"	"	Federal Union Insurance Co.	643.81
346	"	"	"	Fidelity-Phenix Fire Insurance Co.	16,834.59
347	"	"	"	Fire Association of Philadelphia	3,854.86
348	"	"	"	Firemans Fund Insurance Co.	5,739.21
349	"	"	"	Firemens Insurance Co.	6,012.40
350	"	"	"	First American Fire Insurance Co.	1,303.54
351	"	"	"	Franklin Fire Insurance Co.	8,064.61
352	"	"	"	Franklin National Insurance Co.	948.38
353	"	"	"	Girard Fire & Marine Insurance Co.	1,820.25
354	"	"	"	Glens Falls Insurance Co.	2,490.85
355	"	"	"	Globe & Rutgers Fire Insurance Co.	2,852.81
356	"	"	"	Granite State Fire Insurance Co.	817.97
357	"	"	"	Great American Insurance Co.	10,961.64

EXHIBIT C.

PAGE 12.

Detailed Statement of Cash Disbursements February 7, 1936 to February 11, 1939

Check Number	Date				
358	Dec.	24,	1937	Guaranty Fire Insurance Co.	$ 290.34
359	"	"	"	Hanover Fire Insurance Co.	4,116.48
360	"	"	"	Hartford Fire Insurance Co.	23,829.09
361	"	"	"	Home Insurance Co.	32,946.34
362	"	"	"	Home Fire & Marine Insurance Co.	1,259.23
363	"	"	"	Hudson Insurance Co.	615.67
364	"	"	"	Imperial Assurance Co.	1,063.50
365	"	"	"	Importers & Exporters Insurance Co.	2,482.25
366	"	"	"	Insurance Co. of North America	8,903.39
367	"	"	"	Insurance Co. of State of Pennsylvania	1,876.69
368	"	"	"	Law Union & Rock Insurance Co.	1,307.63
369	"	"	"	The Liverpool & London & Globe Insurance Co. Ltd.	8,647.21
370	"	"	"	London Assurance Corp.	2,997.27
371	"	"	"	London & Lancashire Insurance Co. Ltd.	3,752.55
372	"	"	"	London & Provincial Marine & General Insurance Co.	482.69
373	"	"	"	London & Scottish Assurance Corp.	673.33
374	"	"	"	Lumbermen's Insurance Co.	1,606.75
375	"	"	"	Manhattan Fire & Marine Insurance Co.	496.70
376	"	"	"	Massachusetts Fire & Marine Insurance Co.	781.76
377	"	"	"	Mechanics Insurance Co.	387.16
378	"	"	"	Merchants Insurance Co.	1,010.90
379	"	"	"	Merchants Fire Assurance Corp.	3,012.99
380	"	"	"	Merchants Fire Insurance Co.	606.91
381	"	"	"	Mercury Insurance Co.	1,330.37
382	"	"	"	Michigan Fire & Marine Insurance Co.	791.74
383	"	"	"	Milwaukee Mechanics Insurance Co.	3,387.73
384	"	"	"	National Ben Franklin Fire Insurance Co.	1,359.93
385	"	"	"	National Fire Insurance Co.	15,395.62
386	"	"	"	National Liberty Insurance Co.	4,260.39
387	"	"	"	National Reserve Insurance Co.	676.07
388	"	"	"	National Security Fire Insurance Co.	552.19
389	"	"	"	National Union Fire Insurance Co.	4,019.00
390	"	"	"	Newark Fire Insurance Co.	1,426.08
391	"	"	"	New England Fire Insurance Co.	797.46
392	"	"	"	New Hampshire Fire Insurance Co.	3,834.21
393	"	"	"	New Jersey Insurance Co.	1,402.27
394	"	"	"	New York Underwriters Insurance Co.	7,546.57
395	"	"	"	Niagara Fire Insurance Co.	2,498.29
396	"	"	"	Northern Assurance Co.	4,237.16
397	"	"	"	Northern Insurance Co.	3,639.21
398	"	"	"	North River Insurance Co.	3,366.02
399	"	"	"	Northwestern Fire & Marine Insurance Co.	655.39

EXHIBIT C.

PAGE 13.

Detailed Statement of Cash Disbursements February 7, 1936 to February 11, 1939

Check Number	Date				
400	Dec.	24,	1937	Norwich Union Fire Insurance Co.	$ 2,201.37
401	"	"	"	Old Colony Insurance Co.	846.60
402	"	"	"	Orient Insurance Co.	3,506.24
403	"	"	"	Pacific Fire Insurance Co.	1,602.17
404	"	"	"	Palatine Insurance Co.	1,669.20
405	"	"	"	Patriotic Insurance Co.	249.31
406	"	"	"	Philadelphia Fire & Marine Insurance Co.	2,553.21
407	"	"	"	Phoenix Assurance Co.	3,865.20
408	"	"	"	Phoenix Insurance Co.	6,026.64
409	"	"	"	Central States Fire Insurance Co.	1,679.70
410	"	"	"	Minneapolis Fire & Marine Insurance Co.	1,128.56
411	"	"	"	Presidential Fire & Marine Insurance Co.	177.33
412	"	"	"	Providence Washington Insurance Co.	2,186.73
413	"	"	"	Provident Fire Insurance Co.	385.18
414	"	"	"	Queen Insurance Co.	5,146.88
415	"	"	"	Reliance Insurance Co.	1,045.68
416	"	"	"	Rhode Island Insurance Co.	2,648.08
417	"	"	"	Royal Exchange Assurance Co.	5,484.97
418	"	"	"	Royal Insurance Co.	4,899.87
419	"	"	"	Safeguard Insurance Co.	495.40
420	"	"	"	St. Paul Fire & Marine Insurance Co.	4,121.78
421	"	"	"	Scottish Union & National Insurance Co.	4,414.51
422	"	"	"	Security Insurance Co.	2,960.75
423	"	"	"	Sentinel Fire Insurance Co.	1,032.22
424	"	"	"	Springfield Fire & Marine Insurance Co.	13,200.11
425	"	"	"	Standard Fire Insurance Co.	1,340.56
426	"	"	"	Standard Fire Insurance Co.	2,891.03
427	"	"	"	Star Insurance Co.	1,436.55
428	"	"	"	State Assurance Co.	515.17
429	"	"	"	Stuyvesant Insurance Co.	1,171.42
430	"	"	"	Sun Insurance Office	3,591.06
431	"	"	"	Superior Fire Insurance Co.	1,015.22
432	"	"	"	Svea Fire & Life Insurance Co.	647.91
433	"	"	"	Tokio Marine & Fire Insurance Co.	1,797.87
434	"	"	"	Transcontinental Insurance Co.	666.24
435	"	"	"	Travelers Fire Insurance Co.	8,738.21
436	"	"	"	Twin City Fire Insurance Co.	492.75
437	"	"	"	Union Assurance Society	767.80
438	"	"	"	Union Fire Insurance Co.	793.64
439	"	"	"	United Firemen's Insurance Co.	107.38
440	"	"	"	United States Fire Insurance Co.	7,599.23
441	"	"	"	United States Merchants & Shippers Insurance Co.	419.00
442	"	"	"	Victory Insurance Co.	631.12
443	"	"	"	Westchester Fire Insurance Co.	3,567.40

EXHIBIT C.

PAGE 14.

Detailed Statement of Cash Disbursements February 7, 1936 to February 11, 1939

Check Number	Date					
444	Dec.	24,	1937	Western Assurance Co.	$ 925.57	
445	"	"	"	Western Fire Insurance Co.	1,696.64	
446	"	"	"	World Fire & Marine Insurance Co.	1,164.51	
447	"	"	"	Yorkshire Insurance Co.	1,972.93	
448	"	"	"	Mechanics & Traders Insurance Co.	1,644.88	
449	"	"	"	Potomac Insurance Co.	2,450.74	
450	"	"	"	Underwriters Grain Association	2,070.98	
451	"	"	"	Pittsburg Underwriters	149.93	
				Total distribution to Insurance Companies on second distribution		451,013.95
1	Apr.	11,	1938	To Walton, Joplin, Langer & Co. for audit of trustees' books to February 1, 1938, special report for second distribution to insurance companies, and preparation of 1937 Federal Income Tax Return		192.50
2	May	18,	"	To City National Bank and Trust Company, Chicago for safekeeping services to May 5, 1938		82.82
3	"	23,	"	To Morrison, Nugent, Berger, Byers & Johns for 1937 legal services		22,500.00
4	"	"	"	To Igoe, Carroll & Keefe for 1937 legal services		15,000.00
5	"	25,	"	To McKinney, Folonie & Grear for 1937 legal services		50,000.00
6	Sept.	6,	"	To City National Bank and Trust Company, Chicago for safekeeping services to August 5, 1938		18.75
7	Nov.	18,	"	To City National Bank and Trust Company, Chicago for safekeeping services to November 5, 1938		18.75
8	Jan.	26,	1939	To McKinney, Folonie & Grear for 1938 legal services		5,000.00
				Total Cash Disbursements for the Period		$2,649,941.92

EXHIBIT D.

ROBERT J. FOLONIE (C. R. STREET, DECEASED FEBRUARY 1, 1938, E. A. HENNE, SUCCESSOR) TRUSTEES

Statement of Securities and Cash Received from W. T. Kemper, Custodian and Total Collections Realized Therefrom by Trustees February 7, 1936 to February 11, 1939

Description	Rate	Maturity	Received from W. T. Kemper, Custodian at Amounts Charged Trustees at Dates of Transmittal: Par Value	Premium	Accrued Interest	Total	Sales: Date	Par Value	Premium	Accrued Interest	Interest Collected	Total Collections
U. S. Treasury Notes	2 7/8%	6-15-36	$ 100,000	$ 5,437.50	$ 400.62	$ 105,838.12	4-14-36	$ 100,000	$ 5,406.25	$ 950.48	$	$ 106,356.73
U. S. Treasury Notes	1 3/8	12-15-39	$ 400,000	$ 3,125.00	$ 721.31	$ 403,846.31	3-18-36	400,000	4,750.00	1,412.56		406,162.56
Home Owners Loan Corp.	3	5-1-52	100,000	937.50	750.00	101,687.50	2-8-36	100,000	1,125.00	606.33		101,733.33
U. S. Treasury Bonds	2 7/8	3-15-60	200,000	625.00	2,172.22	202,797.22	2-8-36	100,000	406.25	1,142.01	1,437.50	204,415.97
							3-18-36	100,000	1,406.25	23.96		
U. S. Treasury Notes	2 5/8	2-1-38	200,000	9,125.00		209,125.00	3-10-36	200,000	9,375.00	548.08		209,923.08
U. S. Treasury Bonds	3	6-15-48	700,000	22,312.50	2,683.33	724,995.83	9-3-37	50,000	1,750.00	325.00	43,125.00	785,650.53
							11-5-37	75,000	3,304.69	875.00		
							12-22-37	425,000	22,179.69	247.92		
							5-26-38	50,000	3,710.94	670.83		
							2-2-39	100,000	9,078.13	383.33		
U. S. Treasury Bonds	3 1/4	8-1-41	600,000	49,687.50		649,687.50	2-8-36	600,000	50,437.50	379.16		650,816.66
Home Owners Loan Corp.	3	5-1-52	200,000	1,875.00	1,500.00	203,375.00	2-8-36	200,000	2,250.00	1,816.67		204,066.67
			$2,500,000	$93,125.00	$8,227.48	$2,601,352.48		$2,500,000	$115,179.70	$9,383.33	$44,562.50	$2,669,125.53
Cash received from W. T. Kemper, Custodian						101,436.67	Cash received from W. T. Kemper, Custodian					101,436.67
Total amount charged Trustees in Securities and Cash						2,702,789.15						2,770,562.20
Excess realized by Trustees over amount received from Custodian						67,772.85	Less: Bank collection charges					.20
Total Cash Receipts for the Period						$2,770,562.00	Total Cash Receipts for the Period					2,770,562.00

EXHIBIT E.

PAGE 1.

Robert J. Folonie (C. R. Street, deceased February 1, 1938, E. A. Henne, Successor) Trustees Statement of Distribution to Insurance Companies

Suit Number	Insurance Company	Impounded Premiums	First Distribution 11%	Second Distribution 5%
270	American Insurance	$ 177,898.21	$ 19,568.80	$ 8,894.91
271	Agricultural Insurance	40,817.91	4,489.97	2,040.90
273	Aetna Insurance	216,548.93	23,820.38	10,827.45
274	Alliance Insurance	21,548.61	2,370.35	1,077.43
275	American Alliance Insurance	79,881.29	8,786.94	3,994.06
276	American Central Insurance	151,771.51	16,694.87	7,588.58
277	American Eagle Fire Insurance	47,205.52	5,192.61	2,360.28
279	American Union Insurance	25,148.39	2,766.32	1,257.42
280	Atlas Assurance	43,183.47	4,750.18	2,159.17
281	Automobile Insurance	106,358.42	11,699.43	5,317.92
282	Bankers & Shippers Insurance	41,219.47	4,534.14	2,060.97
283	Boston Insurance	105,011.03	11,551.21	5,250.55
284	British American Assurance	10,843.79	1,192.82	542.19
286	Caledonian Insurance	9,910.15	1,090.12	495.51
288	California Insurance	19,563.29	2,151.96	978.16
289	Camden Fire Insurance	46,031.80	5,063.50	2,301.59
292	Chicago Fire & Marine Insurance	10,343.90	1,137.83	517.20
293	Citizens Insurance	55,243.91	6,076.83	2,762.20
294	City of New York Insurance	53,424.03	5,876.64	2,671.20
295	Columbia Insurance	3,801.89	418.21	190.09
296	Columbia Fire Insurance	16,482.40	1,813.06	824.12
297	Commerce Insurance	7,730.55	850.36	386.53
298	Commercial Union Assurance	67,864.87	7,465.14	3,393.24
299	Commercial Union Fire Insurance	27,693.88	3,046.33	1,384.69
301	Concordia Fire Insurance	57,164.80	6,288.13	2,858.24
302	Connecticut Fire Insurance	100,235.62	11,025.92	5,011.78
303	Continental Insurance	286,528.44	31,518.13	14,326.42
304	County Fire Insurance	5,190.77	570.98	259.54
305	Detroit Fire & Marine Insurance	17,948.57	1,974.34	897.43
306	Dubuque Fire & Marine Insurance	58,190.05	6,400.91	2,909.50
307	Eagle Fire Insurance of New York	17,931.97	1,972.52	896.60
308	Eagle Star & British Dominions Insurance	20,571.54	2,262.87	1,028.58
309	East & West Insurance	26,051.21	2,865.63	1,302.56
310	Equitable Fire & Marine Insurance	35,721.19	3,929.33	1,786.06
312	Federal Union Insurance	12,876.29	1,416.39	643.81
313	Fidelity Phenix Fire Insurance	336,691.80	37,036.10	16,834.59
314	Fire Association of Philadelphia	77,097.25	8,480.70	3,854.86
315	Fireman's Fund Insurance	114,784.23	12,626.26	5,739.21
316	Fireman's Insurance	120,247.98	13,227.28	6,012.40
317	First American Fire Insurance	26,070.88	2,867.80	1,303.54
	Carried forward	2,698,829.81	296,871.29	134,941.48

EXHIBIT E.

PAGE 2.

Statement of Distributions to Insurance Companies

Suit Number	Insurance Company	Impounded Premiums	First Distribution 11%	Second Distribution 5%
	Brought forward	$2,698,829.81	$296,871.29	$134,941.48
318	Franklin Fire Insurance	161,292.23	17,742.14	8,064.61
319	Franklin National Insurance	18,967.58	2,086.43	948.38
320	Girard Fire & Marine Insurance	36,404.96	4,004.55	1,820.25
321	Glens Falls Insurance	49,817.05	5,479.88	2,490.85
322	Globe & Rutgers Fire Insurance	57,056.22	6,276.18	2,852.81
323	Granite State Fire Insurance	16,359.30	1,799.52	817.97
324	Great American Insurance	219,232.70	24,115.60	10,961.64
325	Guaranty Fire Insurance	5,806.88	638.76	290.34
326	Hanover Fire Insurance	82,329.66	9,056.26	4,116.48
327	Hartford Fire Insurance	476,581.87	52,424.01	23,829.09
328	Home Insurance	658,926.75	72,481.94	32,946.34
329	Home Fire & Marine Insurance	25,184.57	2,770.30	1,259.23
330	Hudson Insurance	12,313.37	1,254.47	615.67
331	Imperial Assurance	21,270.09	2,339.71	1,063.50
332	Importers & Exporters Insurance	49,645.05	5,460.96	2,482.25
334	Insurance Co. of North America	178,067.72	19,587.45	8,903.39
335	Insurance Co. of the State of Pennsylvania	37,533.74	4,128.71	1,876.69
336	Law Union & Rock Insurance	26,152.68	2,876.79	1,307.63
338	Liverpool & London & Globe Ins.	172,944.26	19,023.87	8,647.21
339	London Assurance Corporation	59,945.48	6,594.00	2,997.27
340	London & Lancashire Insurance	75,051.09	8,255.62	3,752.55
341	London & Provincial Marine & General Insurance	9,653.79	1,061.92	482.69
342	London & Scottish Assurance	13,466.59	1,481.32	673.33
343	Lumbermen's Insurance	32,135.01	3,534.85	1,606.75
344	Manhattan Fire & Marine Insurance	9,933.90	1,092.73	496.70
345	Massachusetts Fire & Marine Ins.	15,635.29	1,719.88	781.76
346	Mechanics Insurance	7,743.24	851.76	387.16
347	Merchants Insurance	20,218.04	2,223.98	1,010.90
348	Merchants Fire Assurance	60,259.86	6,628.58	3,012.99
349	Merchants Fire Insurance	12,138.27	1,335.21	606.91
350	Mercury Insurance	26,607.44	2,926.82	1,330.37
351	Michigan Fire & Marine Insurance	15,834.79	1,741.83	791.74
352	Milwaukee Mechanics Insurance	67,754.50	7,452.99	3,387.73
354	National Ben Franklin Fire Insurance	27,198.68	2,991.85	1,359.93
355	National Fire Insurance	307,912.43	33,870.37	15,395.62
356	National Liberty Insurance	85,207.70	9,372.85	4,260.39
357	National Reserve Insurance	13,521.30	1,487.34	676.07
358	National Security Fire Insurance	11,043.86	1,214.82	552.19
359	National Union Fire Insurance	80,379.93	8,841.79	4,019.00
361	Newark Fire Insurance	28,521.63	3,137.38	1,426.08
	Carried forward	5,984,879.31	658,336.71	299,243.94

EXHIBIT E.

PAGE 3.

Statement of Distributions to Insurance Companies

Suit Number	Insurance Company	Impounded Premiums	First Distribution 11%	Second Distribution 5%
	Brought forward	$5,984,879.31	$658,336.71	$299,243.94
362	New England Fire Insurance	15,949.12	1,754.40	797.46
363	New Hampshire Fire Insurance	76,684.24	8,435.27	3,834.21
364	New Jersey Insurance	28,045.44	3,085.00	1,402.27
366	New York Underwriters Insurance	150,931.36	16,602.45	7,546.57
367	Niagara Fire Insurance	49,965.79	5,496.24	2,498.29
369	Northern Assurance	84,743.20	9,321.75	4,237.16
370	Northern Insurance	72,784.14	8,006.26	3,639.21
371	North River Insurance	67,320.42	7,405.25	3,366.02
372	Northwestern Fire & Marine Insurance	13,107.78	1,441.86	655.39
374	Norwich Union Fire Insurance	44,027.49	4,843.02	2,201.37
375	Old Colony Insurance	16,932.00	1,862.52	846.60
376	Orient Insurance	70,124.78	7,713.73	3,506.24
377	Pacific Fire Insurance	32,043.43	3,524.78	1,602.17
378	Palatine Insurance	33,383.92	3,672.23	1,669.20
379	Patriotic Insurance	4,986.23	548.49	249.31
381	Philadelphia Fire & Marine Insurance	51,064.11	5,617.05	2,553.21
382	Phoenix Assurance	77,303.92	8,503.43	3,865.20
383	Phoenix Insurance	120,532.85	13,258.61	6,026.64
383A	Central States Fire Insurance	33,593.90	3,695.33	1,679.70
383B	Minneapolis Fire & Marine Insurance	22,571.18	2,482.83	1,128.56
385	Presidential Fire & Marine Insurance	3,546.55	390.12	177.33
386	Providence Washington Insurance	43,734.55	4,810.80	2,186.73
387	Provident Fire Insurance	7,703.65	847.40	385.18
389	Queen Insurance	102,937.62	11,323.14	5,146.88
390	Reliance Insurance	20,913.67	2,300.50	1,045.68
391	Rhode Island Insurance	52,961.55	5,825.77	2,648.08
392	Royal Exchange Assurance	109,699.40	12,066.93	5,484.97
393	Royal Insurance	97,997.48	10,779.72	4,899.87
394	Safeguard Insurance	9,907.90	1,089.87	495.40
395	St. Paul Fire & Marine Insurance	82,435.64	9,067.92	4,121.78
396	Scottish Union & Nat'l Insurance	88,290.17	9,711.92	4,414.51
397	Security Insurance	59,215.01	6,513.65	2,960.75
398	Sentinel Fire Insurance	2020,644.32	2,270.88	13,200.11
399	Springfield Fire & Marine Insurance	264,002.28	29,040.25	13,200.11
400	Standard Fire Insurance	26,811.21	2,949.23	1,340.56
401	Standard Fire Insurance	57,820.53	6,360.26	2,891.03
402	Star Insurance	28,730.90	3,160.40	1,436.55
403	State Assurance	10,303.33	1,133.37	515.17
404	Stuyvesant Insurance	23,428.35	2,577.12	1,171.42
405	Sun Insurance	71,821.20	7,900.33	3,591.06
	Carried forward	8,233,879.92	905,726.79	411,694.00

EXHIBIT E.

PAGE 4.

Statement of Distributions to Insurance Companies

Suit Number	Insurance Company	Impounded Premiums	First Distribution 11%	Second Distribution 5%
	Brought forward	$8,233.879.92	$905,726.79	$411,694.00
406	Superior Fire Insurance	20,304.31	2,233.47	1,015.22
407	Svea Fire & Life Insurance	12,958.26	1,425.41	647.91
408	Tokio Marine & Fire Insurance	35,957.32	3,955.30	1,797.87
409	Transcontinental Insurance	13,324.72	1,465.72	666.24
410	Travelers Fire Insurance	174,764.18	19,224.06	8,738.21
411	Twin City Fire Insurance	9,855.00	1,084.05	492.75
412	Union Assurance Society	15,356.05	1,689.17	767.80
413	Union Fire Insurance	15,872.72	1,746.00	793.64
414	United Fireman's Insurance	2,147.70	236.25	107.38
415	United States Fire Insurance	151,994.68	16,718.31	7,599.23
416	United States Merchants & Shippers Insurance	8,379.96	921.80	419.00
418	Victory Insurance	12,622.45	1,388.47	631.12
419	Westchester Fire Insurance	71,348.10	7,848.29	3,567.40
420	Western Assurance	18,511.32	2,036.24	925.57
421	Western Fire Insurance	33,932.74	3,732.60	1,696.64
422	World Fire & Marine Insurance	23,290.23	2,561.93	1,164.51
423	Yorksire Insurance	39,458.64	4,340.45	1,972.93
425	Mechanics & Traders Insurance	32,897.51	3,618.73	1,644.88
426	Potomac Insurance	49,014.84	5,391.63	2,450.74
901	Underwriters Grain Association	41,419.67	4,556.16	2,070.98
902	Pittsburg Underwriters Insurance	2,998.69	329.86	149.93
		$9,020,279.01	$992,230.69	$451,013.95

Mr. Berger: I also would like to offer in evidence a certified copy of the final judgment entered in the Circuit Court of Cole County on the 7th day of December, 1935, in the case of *Aetna Insurance Company et al.* v. *R. E. O'Malley,* No. 4566, and in connection with that a certified copy of the Certificate of the satisfaction of that final judgment.

(Said certified copy of Final Judgment and Certificate of satisfaction, handed to the reporter, were marked for identification as "Plaintiffs' Exhibits 330 and 331, EFM.," respectively.)

Mr. Murphy: That is referred to in the evidence as the "restitution case."

Mr. Berger: I thought possibly it might be well to make a statement in this connection of the purpose.

The Special Master: I know what the purpose is. The issues here—you are meeting an issue here concerning which they have offered no evidence but it is an issue and it is an issue in which the burden of proof is on you.

Mr. Berger: Yes, sir.

The Special Master: There was an additional reference in this case and if these cases should be reinstated and nothing further shown, it would be necessary for the Master to proceed to take evidence to determine whether or not the companies had in fact made restitution in the former case that they lost in the Supreme Court of the United States. Now, if these cases should be reinstated, that would be a matter where a showing would have to be made but which you have no duty of going forward with the evidence. It is not in answer to any issues that you have been offering evidence on.

Judge Henson: I wanted to lodge a formal objection. I am not objecting because they are certified and the original isn't here, but solely on the ground that they are not material to any issue that is here.

The Special Master: I think that is overruled.

(Which said Plaintiffs' Exhibits 330 and 331, so offered in evidence, having been previously duly marked, are in words and figures as follows:)

DEFENDANTS' EXHIBIT 330, EFM.

In The Circuit Court Of Cole County, Missouri October Term 1935 *Aetna Insurance Company, a corporation, et al., Plaintiffs, vs. R. E. O'Malley (Substituted for Joseph B. Thompson, who was in turn substituted for Ben C. Hyde), Superintendent of the Insurance Department of the State of Missouri, Defendant. No.* 4566

FINAL JUDGMENT

"This matter coming on to be heard on the defendant's motion for restitution, heretofore filed on the 18th day of February, 1931, seeking restitution for amounts asserted to have been collected by the plaintiffs in excess of lawful and legal rates upon fire, lightning, hail and windstorm insurances transacted by the plaintiffs in the state of Missouri between November 15, 1922 and August 8, 1929, and also upon the report of the Commissioners and Custodians appointed by this Court and exceptions to said report, and this Court having made its certain preliminary orders for an accounting on May 26, 1933, and upon December 14, 1934, and referred the matters to Louis Hord Cook and H. O. Lauf, Commissioners and Custodians, to take and state an account, and requiring plaintiffs in said orders for accounting to file their accounts and make certain payments for the benefit of policyholders in Missouri, and providing therein that the plaintiffs be given an opportunity to show allowable credits against excess collections by plaintiffs made, and all parties now appearing by their respective counsel;

Now the Court, having heard the arguments of counsel and considered the final report of Commissioners and Custodians, and having heard arguments upon the exceptions thereto and being well and duly advised in the premises, doth find:

That each of the plaintiffs herein, next hereinafter named, did present and file its full and complete account with the Commissioners and Custodians, showing the total amount of excess premiums by them respectively collected in excess of that justified by the order of the Superintendent of Insurance of October 9, 1922, and the amount in its hands remaining unrestored to policyholders, which said amount of excess collections, as shown by said account, and such unrestored and unrefunded amount are set after the names of said respective companies;

and the Court doth find that they are truly and correctly accounted for, reported, and are in the respective amounts so herein next tabulated (except, only, as the same were modified, as found in further and additional findings herein made):

Name of Plaintiffs	Total Excess Collections	Amount not Refunded to Policyholders
Abeille Fire Insurance Company	$ 2,379.74	$ 688.29
Aetna Insurance Company	369,183.82	20,617.06
Agricultural Insurance Company	73,696.21	15,788.69
Alliance Insurance Company of Philadelphia	31,334.23	2,095.71
American Alliance Insurance Company	83,740.04	8,154.43
American Central Insurance Company	221,993.63	25,940.27
American Eagle Fire Insurance Company	68,963.05	3,532.06
American Insurance Company of Newark	209,333.59	17,785.40
American Union Insurance Company	18,919.98	3,796.77
Atlas Assurance Company	75,671.62	8,940.19
Automobile Insurance Company	133,250.54	14,109.77
Bankers & Shippers Fire Insurance Company	53,351.74	2,723.18
Boston Insurance Company	158,384.43	16,581.46
British American Assurance Company	29,482.33	3,730.58
British General Insurance Company of London, England	4,607.61	3,033.11
Buffalo Insurance Company	274,573.67	61,316.37
Caledonian Insurance Company	18,839.50	1,825.36
California Insurance Company	25,850.79	7,132.10
Camden Fire Insurance Association	48,319.09	8,803.47

Name of Plaintiffs	Total Excess Collections	Amount not Refunded to Policyholders
Carolina Insurance Company	5,664.09	1,955.59
Century Insurance Company, Ltd.	24,336.30	374.70
Citizens Insurance Company	82,765.68	2,346.13
City of New York Insurance Company	69,745.55	6,333.45
Columbia Insurance Company	16,445.48	1,239.50
Commercial Union Assurance Company, Ltd.	121,000.71	20,799.43
Commercial Union Fire Insurance Company	28,410.14	5,878.35
Commonwealth Insurance Company of New York	43,255.72	632.02
Concordia Fire Insurance Company	70,049.99	16,329.45
Continental Insurance Company	320,646.77	20,481.84
County Fire Insurance Company	8,580.20	1,008.23
Detroit Fire & Marine Insurance Company	25,141.31	4,745.12
Dubuque Fire & Marine Insurance Company	84,861.89	9,749.50
Eagle Fire Company, The	9,699.72	2,973.02
Eagle Star & (British) Dominion's Insurance Company, Ltd.	37,643.62	1,164.85
East & West Insurance Company	10,699.20	7,646.92
Employers Fire Insurance Company	13,987.67	1,390.26
Federal Insurance Company	28,602.88	7,034.16
Fidelity-Phenix Fire Insurance Company	419,055.98	19,792.02
Fire Association of Philadelphia	123,236.08	11,774.01
Fireman's Fund Insurance Company	153,603.05	13,106.53

Name of Plaintiffs	Total Excess Collections	Amount not Refunded to Policyholders
Firemen's Insurance Company of Newark	121,427.02	33,642.00
Franklin Fire Insurance Company	118,780.10	9,888.74
General Fire Assurance Company	2,588.51	64.64
Girard Fire & Marine Insurance Company	47,021.22	8,443.58
Glens Falls Insurance Company	80,646.23	28,557.36
Globe & Rutgers Fire Insurance Company	115,403.99	15,172.33
Granite State Fire Insurance Company	24,318.00	5,260.55
Great American Insurance Company	253,415.90	16,476.40
Hanover Fire Insurance Company	95,942.12	10,123.18
Hartford Fire Insurance Company	679,045.64	21,904.20
Home Fire & Marine Insurance Company	50,174.34	5,921.14
Home Insurance Company	807,100.69	51,885.70
Hudson Insurance Company	25,199.03	6,968.26
Imperial Assurance Company	27,945.96	645.18
Independence Fire Insurance Company	5,603.21	2,799.86
Insurance Company of North America	233,727.39	18,728.22
Insurance Company of the State of Pennsylvania	51,347.13	5,181.54
Importers & Exporters Insurance Company	49,659.64	1,000.11
Law Union and Rock Insurance Company, Ltd.	24,026.42	1,594.66
Liverpool and London and Globe Insurance Company	245,823.67	42,414.69

Name of Plaintiffs	Total Excess Collections	Amount not Refunded to Policyholders
London Assurance Corporation	68,582.05	5,232.50
London and Lancashire Fire Insurance Co., Ltd.	103,839.85	4,841.79
London & Scottish Assurance Corporation, Ltd.	18,274.53	2,390.88
Lumbermen's Insurance Company	9,168.75	232.93
Massachusetts Fire and Marine Insurance Company	21,890.51	2,118.98
Mechanics Insurance Company of Philadelphia	25,043.32	7,794.66
Mechanics and Traders Insurance Company	31,279.52	4,563.55
Mercantile Insurance Company of America	52,105.04	1,518.15
Merchants Fire Assurance Corporation	40,658.77	1,443.87
Merchants Insurance Company	8,851.76	262.42
Michigan Fire & Marine Insurance Company	15,988.64	758.42
Milwaukee Mechanics' Insurance Company	105,920.50	13,732.95
National Ben Franklin Fire Insurance Company	37,724.03	9,931.80
National Fire Insurance Company of Hartford	329,511.61	49,897.10
National Liberty Insurance Company of America	127,514.77	15,560.95
National Security Fire Insurance Company	28,225.89	10,253.78
National Union Fire Insurance Company	202,981.86	30,726.86
Nationale Fire Insurance Company of Paris	5,414.43	998.46
Netherlands Fire and Life Insurance Company of The Hague	42,900.55	14,220.06

Name of Plaintiffs	Total Excess Collections	Amount not Refunded to Policyholders
Newark Fire Insurance Company	40,777.41	8,481.11
New Brunswick Fire Insurance Company	25,721.91	4,917.65
New Hampshire Fire Insurance Company	88,161.03	24,770.30
New Jersey Insurance Company of New Jersey	24,269.10	1,102.81
Niagara Fire Insurance Company	126,172.36	8,559.55
North British & Mercantile Insurance Company	121,488.85	2,884.98
North River Insurance Company	79,715.08	10,925.17
Northern Assurance Company, Ltd.	174,147.54	37,956.58
Northern Insurance Company (including Assurance Company of America	53,978.51	0
Northwestern National Insurance Company	320,809.66	73,091.29
Norwich Union Fire Insurance Society, Ltd.	52,178.00	5,500.66
Old Colony Insurance Company	24,924.98	3,292.93
Orient Insurance Company	107,988.11	7,628.54
Pacific Fire Insurance Company	37,364.38	2,201.87
Palatine Insurance Company, Ltd.	71,741.50	11,714.71
Patriotic Assurance Company, Ltd.	95.23	95.23
Pennsylvania Fire Insurance Company	51,006.52	1,419.80
Phenix Fire Insurance Company of Paris	6,139.40	1,612.17
Philadelphia Fire & Marine Insurance Company	83,674.05	41,850.45

Name of Plaintiffs	Total Excess Collections	Amount not Refunded to Policyholders
Phoenix Insurance Company of Hartford (including Central States, Connecticut Fire, Equitable Fire & Marine, and Minneapolis Fire & Marine)	557,722.89	168,379.30
Phoenix Assurance Company, Ltd.	103,665.92	3,006.32
Potomac Insurance Company of the District of Columbia	13,229.26	373.34
Providence-Washington Insurance Company	70,413.54	9,414.10
Queen Insurance Company	191,135.50	69,814.13
Reliance Insurance Company of Philadelphia	28,307.82	3,465.58
Rhode Island Insurance Company	90,595.39	21,039.53
Royal Exchange Assurance Company, Ltd.	90,416.93	6,503.60
Royal Insurance Company, Ltd.	177,094.00	53,809.47
Safeguard Insurance Company	21,551.11	1,435.85
Scottish Union and National Insurance Company	132,074.39	23,696.95
Security Insurance Company of New Haven	97,394.73	9,501.96
Springfield Fire and Marine Insurance Company	351,921.74	15,201.63
Standard Fire Insurance Company of Hartford	32,320.53	4,840.89
Standard Fire Insurance Company	36,784.90	8,397.72
Star Insurance Company of America	42,942.89	8,502.32
State Assurance Company	35,421.68	6,926.03
St. Paul Fire and Marine Insurance Company	135,627.24	19,152.31
Stuyvesant Fire Insurance Company	58,752.06	1,849.03

Name of Plaintiffs	Total Excess Collections	Amount not Refunded to Policyholders
Sun Insurance Office of London	74,165.44	2,650.80
Superior Fire Insurance Company	5,251.66	66.92
Svea Fire and Life Insurance Company	26,733.07	1,325.18
Tokio Marine and Fire Insurance Company	22,821.49	4,946.03
Twin City Fire Insurance Company	24,367.35	12,220.24
Union Assurance Society, Ltd.	23,814.74	3,991.35
Union Fire Insurance Company of Paris	[illegible]	[illegible]
Union Insurance Society of Canton, Ltd.	[illegible]	[illegible]
United Firemen's Insurance Company	[illegible]	[illegible]
United States Fire Insurance Company	[illegible]	[illegible]
United States Merchants and Shippers Insurance Company	[illegible]	[illegible]
Urbaine Fire Insurance Company	[illegible]	[illegible]
Victory Insurance Company of Philadelphia	[illegible]	[illegible]
Westchester Fire Insurance Company	[illegible]	[illegible]
Western Assurance Company	[illegible]	[illegible]
Yorkshire Insurance Company	23,971.33	199.37
Total	$12,354,747.96	$1,613,402.81

The Court further finds that subsequent to making such full, true and complete accounts, certain of the plaintiffs did make payments to the Commissioners of amounts in addition to those contained in their accounts and which are creative of an additional liability for resti-

tution of the respective plaintiffs so enumerated, which said plaintiffs so having made corrections in their accounts, as by them under oath submitted, and the additional amounts by them respectively owing in addition to supplementing the amounts foregoing, are as follows:

City of New York Insurance Company	$ 9.24
Continental Insurance Company	1.00
Firemen's Insurance Company	2.04
Franklin Fire Insurance Company	2.22
Home Insurance Company	17.12
Insurance Company of the State of Pennsylvania	96.11
National Liberty Fire Insurance Company	4.00
National Union Fire Insurance Company	11.36
Northern Assurance Company	23.82
Northern Insurance Company	1,191.32
Northwestern National Insurance Company	.30
Minneapolis Fire & Marine Insurance Company	3.00
Rhode Island Insurance Company	.57
Superior Fire Insurance Company	16.13
Svea Fire & Life Insurance Company	10.40
United States Fire Insurance Company	46.65
Victory Insurance Company	1.03
Total	1,436.31

The Court doth further find that the interest properly to be calculated against the sum owing by respective plaintiffs, as the Court both in its order of December 14, 1934, found and directed, is, as respects such plaintiffs respectively, in amounts as follows:

Name of Company	Amount of Interest
Abeille Fire Insurance Company	$ 366.68
Aetna Insurance Company	10,958.33
Agricultural Insurance Company	8,410.11
Alliance Insurance Company	1,117.36

Name of Company	Amount of Interest
American Alliance Insurance Company	$ 4,346.31
American Central Insurance Company	13,800.22
American Eagle Fire Insurance Company	1,856.68
American Insurance Company	9,476.65
American Union Insurance Company	1,969.85
Atlas Assurance Company	4,717.44
Automobile Insurance Company	7,522.15
Bankers & Shippers Insurance Company	1,456.81
Boston Insurance Company	8,835.15
British American Assurance Company	1,993.64
British General Insurance Company	1,614.93
Buffalo Insurance Company	32,344.38
Caledonian Insurance Company	972.61
California Insurance Company	3,816.33
Camden Fire Insurance Company	4,698.19
Carolina Insurance Company	941.62
Century Insurance Company	198.03
Citizens Insurance Company	1,250.88
City of New York Insurance Company	3,362.01
Columbia Insurance Company	660.66
Commercial Union Assurance Company	11,212.64
Commercial Union Fire Insurance Company	3,127.28
Commonwealth Insurance Company	332.75
Concordia Fire Insurance Company	8,643.72
Continental Insurance Company	10,771.85
County Fire Insurance Company	537.39
Detroit Fire & Marine Insurance Company	2,527.57

Name of Company	Amount of Interest
Dubuque Fire & Marine Insurance Company	5,196.48
Eagle Fire Company of New York	1,592.70
Eagle Star & British Dominions Ins. Co.	620.87
East and West Insurance Company	3,865.52
Employers' Fire Insurance Company	740.78
Federal Insurance Company	3,750.38
Fidelity-Phenix Insurance Company	10,394.11
Fire Association of Philadelphia	6,342.02
Fireman's Fund Insurance Company	6,898.18
Firemen's Insurance Company of Newark	17,808.99
Franklin Fire Insurance Company	5,237.35
General Fire Assurance Company	34.45
Girard Fire & Marine Insurance Company	4,469.47
Glens Falls Insurance Company	15,211.55
Globe & Rutgers Fire Insurance Company	8,099.93
Granite State Fire Insurance Company	2,803.87
Great American Insurance Company	8,781.92
Hanover Fire Insurance Company	5,392.28
Hartford Fire Insurance Company	11,799.81
Home Fire & Marine Insurance Company	3,119.64
Home Insurance Company	27,671.89
Hudson Insurance Company	3,711.76
Imperial Assurance Company	343.94
Importers & Exporters Insurance Company	546.70
Independence Fire Insurance Company	1,492.79
Insurance Company of North America	10,001.50

Name of Company	Amount of Interest
Insurance Company of State of Pennsylvania	2,757.44
Law Union & Rock Insurance Company	838.01
Liverpool & London & Globe Insurance Company	22,303.06
London Assurance	2,788.92
London & Lancashire Insurance Company	2,546.71
London & Scottish Assurance Corporation	1,305.31
Lumbermen's Insurance Company	122.87
Massachusetts Fire & Marine Insurance Company	1,129.42
Mechanics Insurance Company	4,125.97
Mechanics & Traders Insurance Company	2,422.48
Mercantile Insurance Company	798.29
Merchants Fire Assurance Corporation	769.58
Merchants Insurance Company	128.42
Michigan Fire & Marine Insurance Company	419.91
Milwaukee Mechanics Insurance Company	7,329.89
National-Ben Franklin Fire Insurance Company	5,257.23
National Fire Insurance Company	26,487.04
National Liberty Insurance Company	8,239.20
National Security Fire Insurance Company	5,479.87
National Union Fire Insurance Company	16,356.22
Nationale Fire Insurance Company	531.91
Netherlands Insurance Company	7,576.92
Newark Fire Insurance Company	4,459.65
New Brunswick Fire Insurance Company	2,603.90

Name of Company	Amount of Interest
New Hampshire Fire Insurance Company	13,194.31
New Jersey Insurance Company	587.98
Niagara Fire Insurance Company	4,496.62
North British & Mercantile Insurance Company	1,517.02
North River Insurance Company	5,784.57
Northern Assurance Company	20,471.48
Northern Insurance Company	674.89
Northwestern National Insurance Company	38,933.46
Norwich Union Fire Insurance Society	2,941.77
Old Colony Insurance Company	1,754.58
Orient Insurance Company	4,008.80
Pacific Fire Insurance Company	1,173.96
Palatine Insurance Company, Ltd.	6,248.94
Patriotic Assurance Company	50.77
Pennsylvania Fire Insurance Company	746.58
Phenix Fire Insurance Company	858.75
Philadelphia Fire & Marine Insurance Company	22,380.38
Phoenix Insurance Company of Hartford (including Central States, Connecticut Fire, Equitable Fire & Marine, and Minneapolis Fire & Marine)	89,850.47
Phoenix Assurance Company, Ltd.	1,607.02
Potomac Insurance Company	198.74
Providence-Washington Insurance Company	5,012.04
Queen Insurance Company	36,710.60
Reliance Insurance Company	1,857.07
Rhode Island Insurance Company	11,235.05
Royal Exchange Assurance	3,465.43
Royal Insurance Company, Ltd.	28,294.81
Safeguard Insurance Company	754.54
Scottish Union & National Insurance Co.	12,647.79

Name of Company	Amount of Interest
Security Insurance Company	5,037.62
Springfield Fire & Marine Ins. Company	7,988.46
Standard Fire Insurance Company of Hartford	2,580.19
Standard Fire Insurance Company of N. J.	4,559.67
Star Insurance Company of America	4,470.80
State Assurance Company, Ltd.	3,690.42
St. Paul Fire & Marine Insurance Company	10,209.70
Stuyvesant Insurance Company	986.15
Sun Insurance Office	1,410.23
Superior Fire Insurance Company	42.29
Svea Fire and Life Insurance Company	711.70
Tokio Marine & Fire Insurance Company	2,663.45
Twin City Fire Insurance Company	5,933.34
Union Assurance Society, Ltd.	2,252.87
Union Fire, Accident & General Insurance Co.	162.75
Union Insurance Society of Canton, Ltd.	2,028.18
United Firemen's Insurance Company	405.90
United States Fire Insurance Company	12,133.05
United States Merchants & Shippers Ins. Co.	1,976.80
Urbaine Fire Insurance Company	307.83
Victory Insurance Company	2,398.30
Westchester Fire Insurance Company	7,330.39
Western Assurance Company	4,300.76
Yorkshire Insurance Company	101.50
Total	$857,688.09

The Court doth further find that certain plaintiffs herein next enumerated, at the date of entry of this decree additionally owe and in equity ought to pay amounts owing as restitution for which they assert they issued outstanding checks and drafts, and which the Court finds is subject of restitution herein notwithstanding, which additional amounts as to which checks and drafts are outstanding are found to be as follows:

Abeille Fire Insurance Company of Paris	3.23
Aetna Insurance Company	1,656.61
Alliance Insurance Company of Philadelphia	256.29
American Alliance Insurance Company	656.62
American Central Insurance Company	1,437.25
American Eagle Fire Insurance Company	354.64
American Insurance Company	1,533.45
American Union Insurance Company	61.14
Boston Insurance Company	1,268.14
Buffalo Insurance Company	2,434.13
California Insurance Company	109.78
Citizens Insurance Company	865.91
Commercial Union Assurance Company	816.17
Commercial Union Fire Insurance Company	227.70
Commonwealth Insurance Company	156.85
Continental Insurance Company	1,837.51
County Fire Insurance Company	144.78
Dubuque Fire & Marine Insurance Company	762.31
Fidelity-Phenix Fire Insurance Company	2,749.65
Fire Association of Philadelphia	607.87
Firemen's Fund Insurance Company	650.60
Great American Insurance Company	1,579.68
Hartford Fire Insurance Company	4,266.83

Home Fire & Marine Insurance Company	338.31
Insurance Company of North America	843.96
Insurance Company of State of Pennsylvania	108.95
Law Union & Rock Insurance Company	165.88
Liverpool & London & Globe Insurance Company	1,408.78
London & Lancashire Fire Insurance Company	1,122.35
London & Scottish Assurance Corporation	287.48
Massachusetts Fire & Marine Insurance Company	173.45
Mercantile Insurance Company	243.00
Merchants Fire Assurance Corporation	493.48
Milwaukee Mechanics' Insurance Company	564.93
Nationale Fire Insurance Company of Paris	3.28
National Liberty Insurance Company	1,169.37
National Security Fire Insurance Company	193.05
Newark Fire Insurance Company	390.60
Niagara Fire Insurance Company	1,070.45
North British & Mercantile Insurance Company	1,219.21
Northern Assurance Company, Ltd.	1,459.50
Northern Insurance Company	523.41
Northwestern National Insurance Company	1,014.05
Old Colony Insurance Company	298.05
Orient Insurance Company	649.03
Palatine Insurance Company, Ltd.	110.59
Pennsylvania Fire Insurance Company	457.38
Phenix Fire Insurance Company of Paris	27.29
Philadelphia Fire & Marine Insurance Company	476.78
Queen Insurance Company	1,217.62
Reliance Insurance Company	214.57

Rhode Island Insurance Company	218.50
Royal Exchange Assurance	363.87
Royal Insurance Company, Ltd.	897.93
Safeguard Insurance Company	142.20
Scottish Union & National Insurance Company	1,161.55
Security Insurance Company of New Haven	1,231.93
Springfield Fire & Marine Insurance Company	1,685.70
Star Insurance Company of America	245.55
State Assurance Company, Ltd.	69.77
Stuyvesant Insurance Company	364.30
Sun Insurance Office	908.23
Tokio Marine & Fire Insurance Company	260.57
Union Assurance Society	53.36
Victory Insurance Company	207.25
	$48,492.63

The Court further finds that, in addition the plaintiffs (and Patriotic Insurance Company) ought justly to further pay the sum of two hundred thousand ($200,000) dollars, which they have agreed to pay the Superintendent of Insurance; and the Court finds that said provision is a reasonable provision against errors and omissions which may develop, and to enable the Court to approve the accounts and discharge plaintiffs; and the Court therefore finds that in addition to the specific sums found owing as restitution the said sum of $199,618.23 of such two hundred thousand ($200,000) dollars should by the plaintiffs in the aggregate be paid as additional restitution and which said sum is allocated to the respective plaintiffs in the proportion that excess collections of each bears to the total excess collections of all remaining plaintiffs, which said distribution of said pro rata of two hundred thousand ($200,000) dollars, namely, $199,618.23, among plaintiffs is in the respective sums (the sum of $381.77 to be assessed against the Pa-

triotic Insurance Company, party defendant in a separate suit for restitution pending in this Court) as follows:

Name of Company	Amount Assignable to Each out of $200,000
Abeille Fire Insurance Company	$ 38.43
Aetna Insurance Company	5,961.84
Agricultural Insurance Company	1,190.10
Alliance Insurance Company of Philadelphia	506.01
American Alliance Insurance Company	1,352.29
American Central Insurance Company	3,584.91
American Eagle Fire Insurance Company	1,113.66
American Insurance Company of Newark	3,380.46
American Union Insurance Company	305.53
Atlas Assurance Company	1,222.00
Automobile Insurance Company	2,151.82
Bankers & Shippers Fire Insurance Company	861.56
Boston Insurance Company	2,557.70
British America Assurance Company	476.10
British General Insurance Company of London, England	74.41
Buffalo Insurance Company	4,434.00
Caledonian Insurance Company	304.23
California Insurance Company	417.46
Camden Fire Insurance Association	780.29
Carolina Insurance Company	91.47
Century Insurance Company, Ltd.	393.00
Citizens Insurance Company	1,336.56
City of New York Insurance Company	1,126.46
Columbia Insurance Company	265.57
Commercial Union Assurance Company, Ltd.	1,954.00

Name of Company	Amount Assignable to Each out of $200,000
Commercial Union Fire Insurance Company	458.79
Commonwealth Insurance Company of New York	698.52
Concordia Fire Insurance Company	1,131.21
Continental Insurance Company	5,178.04
County Fire Insurance Company	138.56
Detroit Fire & Marine Insurance Company	406.00
Dubuque Fire & Marine Insurance Company	1,370.42
Eagle Fire Company, The	156.64
Eagle Star & (British) Dominion's Insurance Company, Ltd.	607.89
East & West Insurance Company	172.78
Employers Fire Insurance Company	225.88
Federal Insurance Company	461.90
Fidelity-Phenix Fire Insurance Company	6,767.21
Fire Association of Philadelphia	1,990.10
Fireman's Fund Insurance Company	2,480.49
Firemen's Insurance Company of Newark	1,960.92
Franklin Fire Insurance Company	1,918.18
General Fire Assurance Company	41.80
Girard Fire & Marine Insurance Company	759.33
Glens Falls Insurance Company	1,302.33
Globe & Rutgers Fire Insurance Company	1,944.37
Granite State Fire Insurance Company	392.71
Great American Insurance Company	4,092.34
Hanover Fire Insurance Company	1,549.34
Hartford Fire Insurance Company	10,965.70
Home Fire & Marine Insurance Company	810.25
Home Insurance Company	13,033.90

Name of Company	Amount Assignable to Each out of $200,000
Hudson Insurance Company	406.94
Imperial Assurance Company	451.29
Independence Fire Insurance Company	90.48
Insurance Company of North America	3,774.39
Insurance Company of the State of Pennsylvania	830.74
Importers & Exporters Insurance Company	801.94
Law Union and Rock Insurance Company, Ltd.	388.00
Liverpool and London and Globe Insurance Company	3,969.73
London Assurance Corporation	1,107.51
London and Lancashire Fire Insurance Co., Ltd.,	1,676.88
London & Scottish Assurance Corporation, Ltd.	295.11
Lumbermen's Insurance Company	148.06
Massachusetts Fire and Marine Insurance Company	353.50
Mechanics Insurance Company of Philadelphia	404.40
Mechanics and Traders Insurance Company	505.12
Mercantile Insurance Company of America	841.43
Merchants Fire Assurance Corporation	656.59
Merchants Insurance Company	142.95
Michigan Fire & Marine Insurance Company	258.20
Milwaukee Mechanics' Insurance Company	1,710.48
National Ben Franklin Fire Insurance Company	609.19
National Fire Insurance Company of Hartford	5,321.18

Name of Company	Amount Assignable to Each out of $200,000
National Liberty Insurance Company of America	2,059.27
National Security Fire Insurance Company	445.81
National Union Fire Insurance Company	3,278.08
Nationale Fire Insurance Company of Paris	87.44
Netherlands Fire and Life Insurance Company of The Hague	692.79
Newark Fire Insurance Company	658.50
New Brunswick Fire Insurance Company	415.38
New Hampshire Fire Insurance Company	1,423.69
New Jersey Insurance Company of New Jersey	391.91
Niagara Fire Insurance Company	2,037.52
North British & Mercantile Insurance Company	1,961.89
North River Insurance Company	1,287.29
Northern Assurance Company, Ltd.	2,812.64
Northern Insurance Company (including Assurance Company of America)	890.92
Northwestern National Insurance Company	5,180.66
Norwich Union Fire Insurance Society, Ltd.	842.61
Old Colony Insurance Company	402.51
Orient Insurance Company	1,743.87
Pacific Fire Insurance Company	603.39
Palatine Insurance Company, Ltd.	1,158.53
Patriotic Assurance Company, Ltd.	1.54
Pennsylvania Fire Insurance Company	823.69
Phenix Fire Insurance Company of Paris	99.14

Name of Company	Amount Assignable to Each out of $200,000
Philadelphia Fire & Marine Insurance Company	1,351.23
Phoenix Insurance Company of Hartford (including Central States, Connecticut Fire, Equitable Fire & Marine, and Minneapolis Fire & Marine)	9,006.55
Phoenix Assurance Company, Ltd.	1,674.07
Potomac Insurance Company of the District of Columbia	213.64
Providence Washington Insurance Company	1,137.09
Queen Insurance Company	3,086.59
Reliance Insurance Company of Philadelphia	457.13
Rhode Island Insurance Company	1,463.01
Royal Exchange Assurance Company, Ltd.	1,460.12
Royal Insurance Company, Ltd.	2,859.84
Safeguard Insurance Company	348.02
Scottish Union and National Insurance Company	2,132.83
Security Insurance Company of New Haven	1,572.80
Springfield Fire and Marine Insurance Company	5,683.08
Standard Fire Insurance Company of Hartford	521.93
Standard Fire Insurance Company	594.03
Star Insurance Company of America	693.47
State Assurance Company	572.00
St. Paul Fire and Marine Insurance Company	2,190.20
Stuyvesant Fire Insurance Company	948.77
Sun Insurance Office of London	1,197.68
Superior Fire Insurance Company	85.07

Name of Company	Amount Assignable to Each out of $200,000
Svea Fire and Life Insurance Company	431.87
Tokio Marine and Fire Insurance Company	368.54
Twin City Fire Insurance Company	393.50
Union Assurance Society, Ltd.	384.58
Union Fire Insurance Company of Paris	424.02
Union Insurance Society of Canton, Ltd.	574.22
United Firemen's Insurance Company	184.49
United States Fire Insurance Company	2,754.91
United States Merchants and Shippers Insurance Company	490.13
Urbaine Fire Insurance Company	320.36
Victory Insurance Company of Philadelphia	395.39
Westchester Fire Insurance Company	1,820.03
Western Assurance Company	491.10
Yorkshire Insurance Company	387.30
Total	$199,618.23

The Court doth further find that plaintiffs respectively have paid to the Commissioners and Custodians sums on account of restitution above recited, for which they are entitled to credit in the amounts hereinafter respectively recited, namely:

Name of Company	Amount Paid in to Commissioners and Custodians
Abeille Fire Insurance Company	$ 688.29
Aetna Insurance Company	20,617.06
Agricultural Insurance Company	15,788.69

Name of Company	Amount Paid in to Commissioners and Custodians
Alliance Insurance Company of Philadelphia	2,359.28
American Alliance Insurance Company	8,154.43
American Central Insurance Company	44,176.48
American Eagle Fire Insurance Company	3,532.06
American Insurance Company of Newark	17,785.40
American Union Insurance Company	3,796.77
Atlas Assurance Company	9,030.23
Automobile Insurance Company	14,109.77
Bankers & Shippers Fire Insurance Company	2,830.22
Boston Insurance Company	16,624.16
British America Assurance Company	3,730.58
British General Insurance Company of London, England	2,951.77
Buffalo Insurance Company	61,316.37
Caledonian Insurance Company	1,831.10
California Insurance Company	5,767.84
Camden Fire Insurance Association	8,803.47
Carolina Insurance Company	2,015.08
Century Insurance Company, Ltd.	374.70
Citizens Insurance Company	2,841.56
City of New York Insurance Company	6,342.69
Columbia Insurance Company	1,239.50
Commercial Union Assurance Company, Ltd.	11,685.32
Commercial Union Fire Insurance Company	12,682.82
Commonwealth Insurance Company of New York	632.02

Name of Company	Amount Paid in to Commissioners and Custodians
Concordia Fire Insurance Company	19,346.11
Continental Insurance Company	20,482.84
County Fire Insurance Company	1,008.23
Detroit Fire & Marine Insurance Company	4,745.12
Dubuque Fire & Marine Insurance Company	9,749.50
Eagle Fire Company, The	2,973.02
Eagle Star & (British) Dominion's Insurance Company, Ltd.	1,164.85
East & West Insurance Company	7,646.92
Employers Fire Insurance Company	1,390.26
Federal Insurance Company	7,034.16
Fidelity-Phenix Fire Insurance Company	19,794.10
Fire Association of Philadelphia	11,774.01
Fireman's Fund Insurance Company	13,106.53
Firemen's Insurance Company of Newark	40,441.37
Franklin Fire Insurance Company	10,507.87
General Fire Assurance Company	64.64
Girard Fire & Marine Insurance Company	9,107.88
Glens Falls Insurance Company	28,557.36
Globe & Rutgers Fire Insurance Company	15,172.33
Granite State Fire Insurance Company	5,260.55
Great American Insurance Company	16,476.40
Hanover Fire Insurance Company	13,321.20
Hartford Fire Insurance Company	22,464.52

Name of Company	Amount Paid in to Commissioners and Custodians
Home Fire & Marine Insurance Company	5,921.14
Home Insurance Company	51,902.82
Hudson Insurance Company	6,968.26
Imperial Assurance Company	645.18
Independence Fire Insurance Company	2,799.86
Insurance Company of North America	18,728.22
Insurance Company of the State of Pennsylvania	5,455.62
Importers & Exporters Insurance Company	1,000.11
Law Union and Rock Insurance Company, Ltd.	1,593.33
Liverpool and London and Globe Insurance Company	42,414.69
London Assurance Corporation	5,232.50
London and Lancashire Fire Insurance Co., Ltd.	4,720.66
London & Scottish Assurance Corporation, Ltd.	2,390.88
Lumbermen's Insurance Company	232.93
Massachusetts Fire and Marine Insurance Company	2,118.98
Mechanics Insurance Company of Philadelphia	10,154.64
Mechanics and Traders Insurance Company	4,563.55
Mercantile Insurance Company of America	1,526.25
Merchants Fire Assurance Corporation	1,443.87
Merchants Insurance Company	262.42
Michigan Fire & Marine Insurance Company	758.42
Milwaukee Mechanics' Insurance Company	13,732.95

Name of Company	Amount Paid in to Commissioners and Custodians
National Ben Franklin Fire Insurance Company	12,619.25
National Fire Insurance Company of Hartford	49,930.47
National Liberty Insurance Company of America	15,581.44
National Security Fire Insurance Company	10,253.78
National Union Fire Insurance Company	30,738.22
Nationale Fire Insurance Company of Paris	998.46
Netherlands Fire and Life Insurance Company of The Hague	17,541.43
Newark Fire Insurance Company	8,481.11
New Brunswick Fire Insurance Company	5,019.70
New Hampshire Fire Insurance Company	24,770.30
New Jersey Insurance Company of New Jersey	1,102.81
Niagara Fire Insurance Company	8,610.21
North British & Mercantile Insurance Company	2,982.96
North River Insurance Company	10,426.12
Northern Assurance Company, Ltd.	37,980.40
Northern Insurance Company (including Assurance Company of America)	1,191.32
Northwestern National Insurance Company	77,425.50
Norwich Union Fire Insurance Society, Ltd.	5,500.66
Old Colony Insurance Company	3,339.09
Orient Insurance Company	7,770.29
Pacific Fire Insurance Company	2,201.87
Palatine Insurance Company, Ltd.	10,681.09

Name of Company	Amount Paid in to Commissioners and Custodians
Patriotic Assurance Company, Ltd.	95.23
Pennsylvania Fire Insurance Company	1,426.54
Phenix Fire Insurance Company of Paris	1,617.54
Philadelphia Fire & Marine Insurance Company	41,850.45
Phoenix Insurance Company of Hartford (including Central States, Connecticut Fire, Equitable Fire & Marine, and Minneapolis Fire & Marine)	168,382.30
Phoenix Assurance Company, Ltd.	3,006.32
Potomac Insurance Company of the District of Columbia	373.34
Providence-Washington Insurance Company	9,414.10
Queen Insurance Company	69,814.13
Reliance Insurance Company of Philadelphia	3,465.58
Rhode Island Insurance Company	21,040.10
Royal Exchange Assurance Company, Ltd.	6,503.60
Royal Insurance Company, Ltd.	53,809.47
Safeguard Insurance Company	1,437.52
Scottish Union and National Insurance Company	23,696.95
Security Insurance Company of New Haven	9,530.27
Springfield Fire and Marine Insurance Company	16,732.06
Standard Fire Insurance Company of Hartford	4,840.89
Standard Fire Insurance Company	8,397.72
Star Insurance Company of America	8,502.32
State Assurance Company	7,200.00
St. Paul Fire and Marine Insurance Company	19,152.31

Name of Company	Amount Paid in to Commissioners and Custodians
Stuyvesant Fire Insurance Company	1,849.03
Sun Insurance Office of London	2,650.80
Superior Fire Insurance Company	83.05
Svea Fire and Life Insurance Company	1,335.58
Tokio Marine and Fire Insurance Company	4,946.03
Twin City Fire Insurance Company	12,220.24
Union Assurance Society, Ltd.	5,230.49
Union Fire Insurance Company of Paris	305.15
Union Insurance Society of Canton, Ltd.	3,834.81
United Firemen's Insurance Company	765.42
United States Fire Insurance Company	22,608.16
United States Merchants and Shippers Insurance Company	3,956.41
Urbaine Fire Insurance Company	577.54
Victory Insurance Company of Philadelphia	4,479.09
Westchester Fire Insurance Company	14,297.76
Yorkshire Insurance Company	190.37
Western Assurance Company	8,050.13
Total	$1,660,679.99

The Court doth further find that Chicago Fire & Marine Insurance Company and Fidelity Union Fire Insurance Company, plaintiffs herein, are insolvent and that any judgment, if rendered against them, would be uncollectible; wherefore, the said sum assigned against plaintiffs in the sum of two hundred thousand ($200,000) dollars is assigned against the remaining plaintiffs, and the said Chicago Fire & Marine Insurance Company

and the said Fidelity Union Fire Insurance Company are hereby dismissed from this proceeding.

The Court doth further find that respective plaintiffs are still indebted to the defendant, as representative of policyholders, and still owe, as amounts necessary to make full and complete restitution to policyholders, the sums set opposite their respective names hereafter appearing; wherefore

The Court doth Order, Decree And Adjudge that each plaintiff shall respectively pay into the registry of the Court the balance by it respectively owing, as herein next recited, namely:

Name of Company	Balance Owing by Each Plaintiff
Abeille Fire Insurance Company	$ 408.34
Aetna Insurance Company	18,576.78
Agricultural Insurance Company	9,600.21
Alliance Insurance Company of Philadelphia	1,616.09
American Alliance Insurance Company	6,355.22
American Central Insurance Company	586.19
American Eagle Fire Insurance Company	3,324.98
American Insurance Company of Newark	14,390.54
American Union Insurance Company	2,336.52
Atlas Assurance Company	5,849.40
Automobile Insurance Company	9,673.97
Bankers & Shippers Fire Insurance Company	2,211.33
Boston Insurance Company	12,618.29
British America Assurance Company	2,469.74
British General Insurance Company of London, England	1,770.68
Buffalo Insurance Company	39,212.51
Caledonian Insurance Company	1,271.10
California Insurance Company	5,707.83
Camden Fire Insurance Association	5,478.48

Name of Company	Balance Owing by Each Plaintiff
Carolina Insurance Company	973.60
Century Insurance Company, Ltd.	591.03
Citizens Insurance Company	2,957.92
City of New York Insurance Company	4,488.47
Columbia Insurance Company	926.23
Commercial Union Assurance Company, Ltd.	23,096.92
Commonwealth Insurance Company of New York	1,188.12
Concordia Fire Insurance Company	6,758.27
Continental Insurance Company	17,787.40
County Fire Insurance Company	820.73
Detroit Fire & Marine Insurance Company	2,933.57
Dubuque Fire & Marine Insurance Company	7,329.21
Eagle Fire Company, The	1,749.34
Eagle Star & (British) Dominion's Insurance Company, Ltd.	1,228.76
East & West Insurance Company	4,038.30
Employers Fire Insurance Company	966.66
Federal Insurance Company	4,212.28
Fidelity-Phenix Fire Insurance Company	19,908.89
Fire Association of Philadelphia	8,939.99
Fireman's Fund Insurance Company	10,029.27
Firemen's Insurance Company of Newark	12,972.58
Franklin Fire Insurance Company	6,538.62
General Fire Assurance Company	76.25
Girard Fire & Marine Insurance Company	4,564.50
Glens Falls Insurance Company	15,513.88
Globe & Rutgers Fire Insurance Company	15,044.30
Granite State Fire Insurance Company	3,196.58

Name of Company	Balance Owing by Each Plaintiff
Great American Insurance Company	14,453.94
Hanover Fire Insurance Company	3,743.60
Hartford Fire Insurance Company	26,472.02
Home Fire & Marine Insurance Company	4,268.20
Home Insurance Company	40,705.79
Hudson Insurance Company	4,118.70
Imperial Assurance Company	795.23
Independence Fire Insurance Company	1,583.27
Insurance Company of North America	14,619.85
Insurance Company of the State of Pennsylvania	3,519.16
Importers & Exporters Insurance Company	1,348.64
Law Union and Rock Insurance Company, Ltd.	1,393.22
Liverpool and London and Globe Insurance Company	27,681.57
London Assurance Corporation	3,896.43
London and Lancashire Fire Insurance Co., Ltd.	5,467.07
London & Scottish Assurance Corporation, Ltd.	1,887.90
Lumbermen's Insurance Company	270.93
Massachusetts Fire and Marine Insurance Company	1,656.37
Mechanics Insurance Company of Philadelphia	2,170.39
Mechanics and Traders Insurance Company	2,927.60
Mercantile Insurance Company of America	1,874.62
Merchants Fire Assurance Corporation	1,919.65
Merchants Insurance Company	271.37
Michigan Fire & Marine Insurance Company	678.11

Name of Company	Balance Owing by Each Plaintiff
Milwaukee Mechanics' Insurance Company	9,605.30
National Ben Franklin Fire Insurance Company	3,178.97
National Fire Insurance Company of Hartford	31,774.85
National Liberty Insurance Company of America	11,451.35
National Security Fire Insurance Company	6,128.73
National Union Fire Insurance Company	19,634.30
Nationale Fire Insurance Company of Paris	622.63
Netherlands Fire and Life Insurance Company of The Hague	4,948.34
Newark Fire Insurance Company	5,508.75
New Brunswick Fire Insurance Company	2,917.23
New Hampshire Fire Insurance Company	14,618.00
New Jersey Insurance Company of New Jersey	979.89
Niagara Fire Insurance Company	7,553.93
North British & Mercantile Insurance Company	4,600.14
North River Insurance Company	7,570.91
Northern Assurance Company, Ltd.	24,743.62
Northern Insurance Company (including Assurance Company of America)	2,089.22
Northwestern National Insurance Company	40,794.26
Norwich Union Fire Insurance Society, Ltd.	3,784.38
Old Colony Insurance Company	2,408.98
Orient Insurance Company	6,259.95
Pacific Fire Insurance Company	1,777.35
Palatine Insurance Company, Ltd.	8,551.68
Patriotic Assurance Company, Ltd.	52.31

Name of Company	Balance Owing by Each Plaintiff
Pennsylvania Fire Insurance Company	2,020.91
Phenix Fire Insurance Company of Paris	979.81
Philadelphia Fire & Marine Insurance Company	24,208.39
Phoenix Insurance Company of Hartford (including Central States, Connecticut Fire, Equitable Fire & Marine, and Minneapolis Fire & Marine)	98,857.02
Phoenix Assurance Company, Ltd.	3,281.09
Potomac Insurance Company of the District of Columbia	412.38
Providence-Washington Insurance Company	6,149.13
Queen Insurance Company	41,014.81
Reliance Insurance Company of Philadelphia	2,528.77
Rhode Island Insurance Company	12,916.56
Royal Exchange Assurance Company, Ltd.	5,289.42
Royal Insurance Company, Ltd.	32,052.58
Safeguard Insurance Company	1,243.09
Scottish Union and National Insurance Company	15,942.17
Security Insurance Company of New Haven	7,814.04
Springfield Fire and Marine Insurance Company	13,826.81
Stuyvesant Fire Insurance Company	2,299.22
of Hartford	3,102.12
Standard Fire Insurance Company (N. J.)	5,153.70
Star Insurance Company of America	5,409.82
State Assurance Company	4,058.22
St. Paul Fire and Marine Insurance Company	12,399.90
Stuyvesant Fire Insurance Company	2,299.92
Sun Insurance Office of London	3,516.14

Name of Company	Balance Owing by Each Plaintiff
Superior Fire Insurance Company	127.36
Svea Fire and Life Insurance Company	1,143.57
Tokio Marine and Fire Insurance Company	3,292.56
Twin City Fire Insurance Company	6,326.84
Union Assurance Society, Ltd.	1,451.67
Union Fire Insurance Company of Paris	586.77
Union Insurance Society of Canton, Ltd.	2,572.80
United Firemen's Insurance Company	586.51
United States Fire Insurance Company	14,887.96
United States Merchants and Shippers Insurance Company	2,260.37
Urbaine Fire Insurance Company	628.19
Victory Insurance Company of Philadelphia	3,000.94
Westchester Fire Insurance Company	8,757.93
Western Assurance Company	4,791.86
Yorkshire Insurance Company	488.80
Total	$1,067,948.80

The Court doth further order, decree and adjudge that whereas the accounting made by Northern Insurance Company of New York includes the accounting of and was made for and in behalf of Assurance Company of America as restitution on its part; and that the accounting made by Phoenix Insurance Company of Connecticut includes an accounting of restitution owing by Central States Fire Insurance Company, and owing by Connecticut Fire Insurance Company, and owing by Equitable Fire and Marine Insurance Company, and owing by Minneapolis Fire and Marine Insurance Company. Therefore, upon payment by Northern Insurance Company, as above provided, of amount found by it owing it shall con-

stitute a satisfaction and discharge of claim of restitution against Assurance Company of America; and upon payment as above provided by Phoenix Insurance Company of Connecticut it shall operate as a satisfaction and discharge of restitution as respects Central States Fire Insurance Company and Connecticut Fire Insurance Company and Equitable Fire and Marine Insurance Company and Minneapolis Fire and Marine Insurance Company; and that in all provisions of this judgment hereinafter contained wherein reference is made to plaintiffs it is hereby declared to be applicable to said mentioned companies as well as to those specifically above listed.

The Court doth further find and adjudge that the said sums so last recited shall with all convenient speed and not later than thirty days from this date be paid by said respective plaintiffs to L. H. Cook and H. P. Lauf, the Commissioners and Custodians, as Custodians of this Court, and that upon delivery of checks to said Commissioners and Custodians, and upon their being honored and the proceeds thereof coming to the possession of the said Custodians, the said Commissioners and Custodians shall promptly report to the Court as to such respective plaintiffs who have complied with such order of the Court and that they are entitled to have this judgment against them satisfied and discharged from all obligations of restitution to policyholders in Missouri; and the Court doth adjudge that upon the making of such payments by respective plaintiffs they are entitled to and thereupon are fully discharged and by such action on their part will have made full restitution to all policyholders from whom any unlawful or excess premium collections were exacted and collected in excess of the legal rate fixed by the order of the Superintendent of Insurance of October 9, 1922, and all such policyholders of each such plaintiff are hereby enjoined and restrained from asserting or making any claim for restitution against the said plaintiffs, or any of them, who so comply because of exaction of excess premium collections in excess of the rate fixed by the order of the Superintendent of Insurance on October 9, 1922, and collected between November 15, 1922 and August 8, 1929, and said policyholders shall have their sole recourse against the sums so paid into this Court.

The Court doth further find and adjudge that Commercial Union Fire Insurance Company has paid to the

Commissioners and Custodians the sum of $2,990.70 in excess of its liabilities for restitution, outstanding drafts and checks, interest and pro rata part of the $200,000, and that the said Commissioners and Custodians are to refund and pay to said Commercial Union Fire Insurance Company the said sum of $2,990.70 with all convenient speed. And the Court does further find and adjudge that said Commercial Union Fire Insurance Company has complied with all the orders of this Court and is entitled to have the judgment of restitution against it satisfied and discharged from all obligations for restitution to policyholders in Missouri and that it is hereby fully discharged and has made full restitution to all policyholders from whom any unlawful or excess premium collections were exacted or collected in excess of the legal rate fixed by the order of the Superintendent of Insurance October 9, 1922, and all such policyholders of said Company are hereby enjoined and restrained from asserting or making any claim for restitution against the said Company because of assertion of excess premium collection in excess of the rate fixed by the order of the Superintendent of Insurance of October 9, 1922, and collected between November 15, 1922 and August 8, 1929; and said policyholders shall have sole recourse against the sums so paid into this Court.

And the Court doth further enjoin and restrain all policyholders, assignees, lien holders, or any other person asserting or claiming any title to restitution of the said excess collections from in anywise asserting claim against each and every plaintiff; and doth enjoin and restrain all holders of checks or drafts of any plaintiff, representing any restitution of sums subject to restitution because of premium writings from November 15, 1922 to August 8, 1929, from Asserting any claim against plaintiffs thereon without prejudice, nevertheless, to the holder of any such check or draft to assert and present claim for restitution against the sums paid into this Court for restitution by the plaintiffs. Upon report of the Commissioners and Custodians that any plaintiff, against whom judgment is rendered herein, has paid the Commissioners and Custodians the amount so adjudged against it, that said sums have come to the hands of the Commissioners and Custodians and been by them collected, the Clerk of this Court is directed thereupon to satisfy the judgment as to such plaintiff. And it is further ordered that upon payment by respective plaintiffs of amounts herein ad-

judged, and upon making of such payments by all of them, then all plaintiffs and sureties on their bonds exacted in the amount of $500,000 in 1922 and $500,000 in 1923 are discharged and released.

Dated this 7th day of December, 1935.

Nike G. Sevier
Judge

State of Missouri County of Cole ss

I, Guy M. Sone, Clerk of the Circuit Court of Cole County, Missouri, do hereby certify that the above and foregoing is a full, true and correct copy of the final judgment and decree rendered by the Court on the 7th day of December, 1935, in the above entitled cause, as fully as the same remains of record in Book A-1, pages 170 to 194, both inclusive, in my said office.

In Witness Whereof I have hereunto set my hand and affixed the seal of said Circuit Court of Cole County, Missouri, this 15th day of June, 1939.

(Signed) Guy M. Sone
Clerk of the Circuit Court of
Cole County, Missouri."

(Notarial seal)

"PLAINTIFFS' EXHIBIT 331.

In the Circuit Court of Cole County, Missouri ..... Term, 1939 Aetna Insurance Company, a corporation, et al., Plaintiffs, vs. R. E. O'Malley (substituted for Joseph B. Thompson, who was in turn substituted for Ben C. Hyde), Superintendent of the Insurance Department of the State of Missouri, Defendant. No. 4566

CERTIFICATE

I, Guy M. Sone, Clerk of the Circuit Court within and for the County and State aforesaid, do hereby certify that the judgment in the above-entitled cause which appears in Book A-1, pages 170 to 194, both inclusive, is satisfied of record by the following entry which appears on the margin of said record:

'This judgment is satisfied in full, debt, interest, and costs this 16th day of January, 1936, and I do further certify that in accordance with the provi-

sions of the within judgment and decree the sums therein adjudged to be paid have been paid to the Commissioners and Custodians as therein required and said Commissioners and Custodians have, in accordance with said judgment and decree, reported to the Court that all the parties therein named have paid to them the amounts therein adjudged to be so paid.

Guy M. Sone, Clerk.'

Witness my hand and the seal of said Circuit Court at my office in Jefferson City, Missouri, this 15th day of June, 1939.

(Signed) Guy M. Sone
Clerk"

Mr. Berger: I would also like to make this statement, Judge Henson: I thought I had a certified copy, but I did not have. The Patriotic Insurance Company of America, which is a party plaintiff in these cases here, was not a party in the *Aetna* v. *O'Malley* suit, as it is now called, which was the original *Aetna* v. *Hyde* suit, and a separate suit was filed, a separate final decree similar to the one that I have just previously offered was entered as to that company.

Judge Henson: Is that a state court case?

Mr. Berger: That is a state court case, and that judgment was satisfied of record on January 16, 1936, at the same time.

Judge Henson: I will admit that this exhibit is a copy and I make no objection that it is not certified. However, I do object—

The Special Master (Interrupting): For the same reason you did to the other?

Judge Henson (Continuing): —for the reason it is not material.

(Which said Final Judgment, handed to the reporter, was marked for identification as "Plaintiffs' Exhibit 332, EFM," and so offered in evidence, is in words and figures as follows:)

"PLAINTIFFS' EXHIBIT 332."

"In the Circuit Court of Cole County, Missouri October Term, 1935 R. E. O'Malley, Superintendent of the Insurance Department of the State of Missouri, Plaintiff, vs. Patriotic Assurance Company, Ltd., and Patriotic Insurance Company, Defendants. No. 7825.

FINAL JUDGMENT

This matter coming on to be heard upon the accounting and the report of Patriotic Insurance Company as provided for in order of October 5, 1935, in this cause rendered, and all parties now appearing by their respective counsel; this cause having been dismissed as to the Patriotic Assurance Company, Ltd. on October 5, 1935, in this cause, and it being discharged from any obligation to report or make restitution in this cause.

Now the Court having heard arguments of Counsel and having considered the report and accounting of Patriotic Insurance Company, and being well and truly advised in the premises doth find:

That the Patriotic Insurance Company did present and file its full and complete account with the Commissioners and Custodians showing the total amount of excess premiums by it respectively collected in excess of that justified by the order of the Superintendent of Insurance of October 9, 1922, and the amount in its hands remaining unrestored to policyholders, and the Court does find that said Company truly and correctly accounted for and reported as follows: Total Excess Collections—$23,641.13, Amount Not Refunded to Policyholders, $16,793.14, which last sum has been paid to the Commissioners and Custodians as provided for in the order of October 5, 1935.

The Court does further find that said defendant should properly be charged with interest on the unrefunded portion of said excess collections but the interest rate as to this defendant should justly be Three Per Cent (3%) and that the interest properly calculated against the said sum unrefunded by this defendant is the sum of $4,787.45.

The Court further finds that stock fire insurance companies, parties plaintiff to cause No. 4566 in this Court and inclusive of this defendant, agreed with the Superintendent of Insurance to pay him the sum of $200,000.00 as a reasonable provision against errors and

omissions which may develop in the accounts of said companies and to enable the Court to approve the accounts and discharge such insurance company litigants and the pro rata of such sum properly chargeable against the defendant herein is $381.77, which the Court finds to be an additional obligation the defendant owes to accomplish complete restitution.

The Court does further find that the defendant is still indebted to the plaintiff as representative of policyholders and still owes the sum of $5,169.22 as an amount necessary to make full and complete restitution to policyholders.

It is therefore Ordered, Adjudged And Decreed that the defendant Patriotic Insurance Company shall pay into the Registry of this Court the sum of $5,169.22, and that the said sum shall, with all convenient speed and not later than thirty (30) days from this date, be paid by the said Defendant Patriotic Insurance Company to L. H. Cook and H. P. Lauf, Commissioners and Custodians, as Custodians of this Court, and that upon delivery of a check to said Commissioners and Custodians, and upon its being duly honored and the proceeds thereof coming into the possession of the said Commissioners and Custodians, the said Commissioners and Custodians shall promptly report to this Court the fact that the said defendant has complied with this order of the Court and that it is entitled to have this judgment against it satisfied and be discharged from all obligations of restitution to policyholders in Missouri. The Court doth adjudge that upon the making of such payment by the said defendant it is entitled to and thereupon is fully discharged, and by such action on its part will have made restitution to all policyholders from whom any unlawful or excess premium collections were exacted and collected in excess of the legal rate fixed by the order of the Superintendent of Insurance of October 9, 1922, and all such policyholders of this defendant are hereby enjoined and restrained from asserting or making any claim for restitution against the said defendant Patriotic Insurance Company because of the exaction of excess premium collections in excess of the rate fixed by the order of the Superintendent of Insurance on October 9, 1922, and collected between November 15, 1922 and August 8, 1929, and said policyholders have their sole recourse against the sum so paid into Court.

Upon report of the Commissioners and Custodians that the defendant Patriotic Insurance Company against whom judgment is rendered herein has paid the Commissioners and Custodians the amount so adjudged against it and that said sum has come into the hands of the Commissioners and Custodians and been by them collected, the Clerk of this Court is directed thereupon to satisfy the judgment in this cause.

Dated this 2nd day of December, 1935.

Judge"

Mr. Berger: Purely as a matter of assistance to the Master and to counsel, I have prepared a list of the plaintiffs in the Federal Court cases that were not parties to the restitution judgment or parties to the old case, *Aetna* v. *Hyde*. In other words, they were not parties against whom any action of restitution was pending because they were not writing in the state at the ten percent reduced rate.

The Special Master: And had nothing to restore?

Mr. Berger: Consequently had nothing to restore to policyholders, and I introduce that. There are twenty-five such companies.

Judge Henson: I have no objection to that at all.

(Which said list, handed to the reporter, was marked for identification as "Plaintiffs' Exhibit 333, EFM," and so offered in evidence, is in words and figures as follows:)

"PLAINTIFFS' EXHIBIT 333."

"The following plaintiffs were not parties to the motion for restitution in *Aetna* v. *Hyde*, and consequently were not parties to the judgment of restitution:

Court Number	Name of Company
292	Chicago Fire and Marine Insurance Company
296	Columbia Fire Insurance Company
297	Commerce Insurance Company
302	Connecticut Fire Insurance Company
312	Federal Union Insurance Company
317	First American Fire Insurance Company
319	Franklin National Insurance Company

Court Number	Name of Company
325	Guaranty Fire Insurance Company
329	Home Fire and Marine Insurance Company
341	London and Provincial Marine and General Ins. Co. Ltd.
344	Manhattan Fire and Marine Insurance Company
349	Merchants Fire Insurance Company
350	Mercury Insurance Company
357	National Reserve Insurance Company
362	New England Fire Insurance Company
366	New York Underwriters Insurance Company
372	Northwestern Fire and Marine Insurance Company
379	Patriotic Insurance Company of America
385	Presidential Fire and Marine Insurance Company
387	Provident Fire Insurance Company
398	Sentinel Fire Insurance Company
409	Transcontinental Insurance Company
410	The Travelers Fire Insurance Company
421	Western Fire Insurance Company
422	The World Fire and Marine Insurance Company"

Mr. Berger: I have another list that may not be essential, but they are the list of the companies that were parties plaintiff in the *Aetna* v. *Hyde*, but are not parties plaintiff in the present litigation.

The Special Master: Do you offer that in evidence?

Mr. Berger: I offer that in evidence.

The Special Master: This last list were companies in the *Aetna* v. *Hyde*, but did not bring suits in the Federal Court.

Judge Henson: Very well, I will let that go.

(Which said list, handed to the reporter, was marked for identification as "Plaintiffs' Exhibit 334, EFM," and so offered in evidence, is in words and figures as follows:)

"PLAINTIFFS' EXHIBIT 334."

"The following companies were parties plaintiff in *Aetna* v. *Hyde* but were not parties plaintiff in any of the Federal Court cases:

Name of Company

Abeille Fire Insurance Company
British General Insurance Company of London, England
Buffalo Insurance Company
Carolina Insurance Company
Century Insurance Company, Ltd.
Commonwealth Insurance Company of New York
Employers Fire Insurance Company
Federal Insurance Company
General Fire Assurance Company
Mercantile Insurance Company of America
Nationale Fire Insurance Company of Paris
Netherlands Fire and Life Insurance Company of The Hague
New Brunswick Fire Insurance Company
North British & Mercantile Insurance Company
Northwestern National Insurance Company
Pennsylvania Fire Insurance Company
Phenix Fire Insurance Company of Paris
Union Fire Insurance Company of Paris
Union Insurance Society of Canton, Ltd.
Urbaine Fire Insurance Company"

Mr. Berger: I would also like to offer in connection with the matter that is now before the Court, without having them marked or actually physically producing them, original court pleadings that are lodged in the office of the Clerk of the Federal Court in each one of these cases. They are as follows: the original bill in equity, the amendment to the bill in equity, motion and application for an interlocutory injunction, the interlocutory injunction order, and the interlocutory injunction bond, the answer of the defendants, the amended and supplemental bill in equity, the answer of defendants to amended and supplemental bill in equity, the Master's digest of evidence and report and finding of facts. I had an agreement with Mr. Henson that he would waive the necessity of having to produce each one of those and have them marked and physically made a part of this record, but I think he has other objections to it.

Judge Henson: We will make no objection to the fact that these documents are not physically present in

court and no objection to the manner in which he has offered them, nor the formality of it, but we object to all of them as not being material to any issue that is in controversy here.

The Special Master: I do not know whether they are or not, because I do not know what all is in them.

Judge Henson: We are willing you take the objection with the case, if you wish.

The Special Master: I do not know whether I am or not. I do not know whether I can report on this case without knowing what the evidence is.

Mr. Berger: The purpose of doing so, if your Honor please, is that I do not know whether the original pleadings and court orders and master's reports are a part of the record proper of the present proceeding. If they are a part of the record proper in the present proceeding, of course, then it is not necessary to have made the offer that I have. If they are not a part of the record proper of the original proceedings, then for either side to make any use or access to any information or statements that are in these pleadings, he would be debarred from it. In our return to the show cause order, each company has alleged the pendency of these suits, that the petition was filed, the issues were joined, an interlocutory injunction was given, and a bond was given, and that a master's report was filed, and we are offering those in connection with that portion of our answer to show cause order.

The Special Master: I see. You do not know whether this is, in effect, a bill of review, and if it is a bill of review, it ought to be introduced?

Mr. Berger: That is correct.

The Special Master: I see.

Judge Henson: It is a matter of precaution.

The Special Master: I see the point now. I am going to admit that, overrule the objection to it. However, I think that when I do, you have robbed yourself of any opportunity of claiming this is not a bill of review; that you are put in a position where it does not make any difference whether it is a bill of review or not.

Mr. Berger: I would rather be in that position and find a review than not to have it.

The Special Master: Well, I am just going to say I think you have.

Mr. Berger: We may have, but I am in a happier position.

The Special Master: You have, in effect, eliminated the question of whether they had any right technically to proceed with it the way they have or not.

Mr. Berger: Maybe.

JOHN J. CAMPBELL, being produced, sworn and examined as a witness on behalf of the plaintiffs, testified as follows:

Direct Examination by Mr. Berger.

Q.1. State your name. A. John J. Campbell.

Q.2. Where do you live? A. 2912 Linwood, Kansas City, Missouri.

Q.3. Have you been connected with the office of what we call the custodian of the federal funds all through the existence of that job? A. No, sir.

Q.4. When did you first become employed there? A. Sometime in 1932 or 1933, I believe.

Q.5. You are now in charge of the office? A. I am.

Q.6. And in that capacity have charge and direction of all of the books and records of the custodian's office? A. I do.

Q.7. At my request, have you gone through those books and records and compiled a statement which you have here? Have you compiled this for me? A. Yes, sir.

Mr. Berger: Mark that as an exhibit.

(Which said statement, handed to the reporter, was marked for identification as "Plaintiffs' Exhibit 335, EFM.")

Q.8. I hand you here Exhibit No. 335, which is the statement of the various accounts taken from the custodian's record as of June 30, 1929. A. That is correct.

Q.9. That shows the name of each company? A. Yes, sir.

Q.10. In each one of the companies having a case in the Federal Court? A. Yes, sir.

Q.11. It shows the total amount of impoundings? The first column is entitled, "Total Amount Impounded"? A. Yes, sir.

Q.12. That shows the total amount that each company impounded with the custodian?

Mr. Murphy: Up to what date?

Q.13. That is up to the date of June 30, 1939. In other words, they haven't been making any impoundings for a good many years, have they? A. No, sir.

The Special Master: So the figures appearing here are the total impoundings made by each company?

A. Yes, sir; I wish to qualify that statement. If you remember, the amount that was admitted later as a suspense account, that is not—

Q.14. (Interrupting) That is the American Insurance Company? A. Yes.

Q.15. That was a matter where, after the cases were closed, we found an agent in St. Louis that had not been making truthful returns to the companies at the time, and that is an item of just a few hundred dollars, is it not? A. Yes, sir.

Q.16. The second column is the amount distributed to the companies. Is that the amount that was distributed to the companies in 1936 under the order of Febuary 1, 1936? A. Yes, sir, that is correct.

Q.17. The next column is the amount distributed to the trustee. That was the amount distributed to the trustees in accordance with that same decree? A. That is correct.

Q.18. The fourth column shows the residue balance. That shows the amount of impoundings of each company that you held after disbursing to the companies and to the trustees, in accordance with the decree of February 1, 1935? A. That is correct.

Q.19. In other words, your distribution to the company and distribution to the trustees related to impoundings up to May 1, 1935? A. That is correct.

Q.20. And so the balance residue represents impoundings beyond May 1, 1935, or if they made no impoundings beyond 1935, represents 5 per cent of their previous impoundings? A. That is correct.

Q.21. The next column reads, "Amount Returned To Custodian." That is the amount that was paid back by the companies to the custodian in accordance with an order made May 29, 1939? A. That is correct.

Q.22. And the amounts that each company paid back represents the amount that was distributed to the company and to the trustees? A. That is correct.

Q.23. And the last column shows the dates on which the companies made that restitution? A. That is correct.

Q.24. Going back to the amounts distributed to the companies and distributed to the trustees, could you give me approximately between what dates those distributions

were made? A. Between February 1, 1936, and, I will say, June.

Q.25. 1936? A. 1936.

Q.26. The reason why you did not prepare a column as to the dates is that there were various dates? A. Yes.

Q.27. In other words, some of the companies were first sent bonds, and then sent one check and then sent another check? A. That is correct.

Q.28. As to the trustees, you didn't send them checks, but you just worked on the aggregate with them? A. That is correct.

Q.29. I notice the account number is the court number to these companies, is that correct? A. I presume so. I couldn't say.

Judge Henson: I will admit it is. I am sure it is.

Mr. Berger: It is.

The Special Master: Yes, that is right.

Q.30. (By Mr. Berger) I notice, however, that you have on page 8, an Account 901, 902 and 903. Those accounts, No. 901 is the Underwriters Grain Association; 902 is the Pittsburgh Underwriters, and 903 is the General Cover Department? A. Yes, sir.

Q.31. Those three entities did not have suits pending in the Federal Court, is that right? A. I couldn't say.

Judge Henson: I will admit that.

Q.32. (By Mr. Berger) And those three accounts are really merely impounding accounts, but represent impoundings in those three accounts of policies that were written in which these other companies were interested? A. I think that is correct.

Q.33. In making restitution, the Underwriters Grain Association made restitution direct to you? A. Beg pardon?

Q.34. The Underwriters Grain Association made restitution direct to you? A. Yes, sir.

Q.35. The Pittsburgh Underwriters made restitution direct to you? A. Yes, sir.

The Special Master: Now, you have a sheet attached to this that is not numbered, which is the breakdown of the General Cover?

A. That is correct.

Q.36. Impoundings, and the General Cover Department, instead of making restitution direct to you, the restitution for that account came back through the various companies shown on this last sheet? A. Yes, sir.

Mr. Berger: We would like to introduce this exhibit.

Judge Henson: No objection.

(Which said Plaintiffs' Exhibit 335, so offered in evidence, having been previously duly marked, is in words and figures as follows:)

Depts 335 [illegible]

STATEMENT OF VARIOUS ACCOUNTS TAKEN FROM THE CUSTODIAN'S RECORDS AS OF JUNE 30, 1939

ACCOUNT NUMBER	NAME OF COMPANY	TOTAL AMOUNT IMPOUNDED	AMOUNT DISTRIBUTED TO COMPANY	AMOUNT DISTRIBUTED TO TRUSTEE	RESIDUE BALANCE	AM'T RETURNED TO CUSTODIAN	DATE OF RESTITUTION
270	American Insurance Co.	$197,547.95	$ 88,653.00	$ 53,191.80	$13,689.68	$141,844.80	6-30-39
271	Agricultural Insurance Co.	43,309.73	20,017.00	12,024.82	2,163.89	32,041.82	6-28-39
273	Aetna Insurance Co.	237,806.89	108,274.47	64,964.68	14,134.54	173,239.15	6-27-39
274	Alliance Insurance Co.	22,864.43	10,498.68	6,464.58	1,143.67	16,963.26	6-29-39
275	American Alliance Insurance Co.	87,975.90	39,836.46	23,901.87	5,584.84	63,738.33	6-27-39
276	American Central Insurance Co.	163,840.31	75,741.23	45,531.45	8,199.13	121,272.68	6-29-39
277	American Eagle Fire Ins. Co.	51,319.45	23,602.76	14,161.66	2,740.80	37,764.42	6-29-39
279	American Union Insurance Co.	27,450.31	12,574.20	7,544.52	1,551.48	20,118.72	6-29-39
280	Atlas Assurance Company	47,132.34	21,591.73	12,955.04	2,621.75	34,546.77	6-27-39
281	Automobile Insurance Company	117,074.54	53,179.21	31,907.53	7,139.27	85,086.74	6-27-39
282	Bankers & Shippers Insurance Co.	45,110.41	20,609.74	12,365.84	2,588.89	32,975.58	6-28-39
283	Boston Insurance Company	114,997.03	52,227.75	31,336.65	7,094.38	83,564.40	6-30-39
284	British America Assurance Co.	13,510.42	5,421.90	3,253.14	1,776.67	8,675.04	6-27-39
286	Caledonian Insurance Co.	10,868.94	4,955.07	2,973.05	552.29	7,928.12	6-27-39
288	California Insurance Co.	21,419.35	9,781.65	5,868.99	1,269.04	15,650.64	6-29-39
289	Camden Fire Insurance Association	51,220.06	23,015.90	13,809.54	3,445.98	36,825.44	6-29-39
292	Chicago Fire & Marine Ins. Co.	10,268.71	4,620.90	3,080.61	515.39	7,701.51	6-30-39
293	Citizens Insurance Co.	59,981.66	27,621.96	16,573.17	3,197.12	44,195.13	6-28-39
294	City of New York Insurance Co.	87,514.49	26,557.65	16,027.21	2,876.27	42,584.86	6-27-39

(Continued - Page 2)

ACCOUNT NUMBER	NAME OF COMPANY	TOTAL AMOUNT IMPOUNDED	AMOUNT DISTRIBUTED TO COMPANY	AMOUNT DISTRIBUTED TO TRUSTEE	RESIDUE BALANCE	AM'T RE-TURNED TO CUSTODIAN	DATE OF RESTITUTION
295	Columbia Insurance Company	$ 3,978.74	$ 1,821.51	$ 1,140.57	$ 199.10	$ 2,962.08	6-27-39
296	Columbia Fire Insurance Co.	18,010.65	8,231.41	4,938.85	1,022.61	13,170.26	6-30-39
297	Commerce Insurance Co.	8,296.44	3,837.39	2,302.43	415.20	6,139.82	6-30-39
298	Commercial Union Assurance Co.	73,695.39	33,932.44	20,359.46	3,874.78	54,291.90	6-29-39
299	Commercial Union Fire Insurance Co.	29,586.43	13,620.30	8,308.16	1,480.02	21,928.46	6-29-39
301	Concordia Fire Insurance Co.	62,427.71	28,582.40	17,149.44	3,517.89	45,731.84	6-30-39
302	Connecticut Fire Insurance Co.	107,523.23	49,117.65	29,470.59	6,191.20	78,588.24	6-28-39
303	Continental Insurance Co.	320,983.29	143,264.22	85,958.53	24,404.16	229,222.75	6-29-39
304	County Fire Insurance Co.	5,556.51	2,560.77	1,557.01	277.80	4,117.78	6-27-39
305	Detroit Fire & Marine Ins. Co.	17,912.08	8,060.48	5,373.62	896.48	13,434.10	6-27-39
306	Dubuque Fire & Marine Ins. Co.	63,407.35	29,095.03	17,457.02	3,495.70	46,552.05	6-28-39
307	Eagle Fire Company of New York	19,650.47	8,965.99	5,379.59	1,145.39	14,345.58	6-30-39
308	Eagle Star & British Dom. Ins. Co.	23,164.16	10,285.77	6,171.46	1,734.54	16,457.23	6-30-39
309	East & West Insurance Co.	28,761.10	13,025.60	7,815.36	1,800.48	20,840.96	6-30-39
310	Equitable Fire & Marine Ins. Co.	38,322.04	17,166.62	10,299.97	2,659.48	27,466.59	6-28-39
312	Federal Union Insurance Co.	12,999.50	5,839.20	3,862.89	650.13	9,702.09	6-28-39
313	Fidelity-Phenix Fire Ins. Co.	371,141.05	168,345.90	101,007.54	24,094.25	269,353.44	6-29-39
314	Fire Association of Philadelphia	83,407.26	38,548.63	23,129.18	4,220.97	61,677.81	6-29-39

(Continued - Page 3)

ACCOUNT NUMBER	NAME OF COMPANY	TOTAL AMOUNT IMPOUNDED	AMOUNT DISTRIBUTED TO COMPANY	AMOUNT DISTRIBUTED TO TRUSTEE	RESIDUE BALANCE	AM'T RE-TURNED TO CUSTODIAN	DATE OF RESTITUTION
315	Fireman's Fund Insurance Co.	$126,453.74	$ 57,392.12	$ 34,435.27	$ 7,790.92	$ 91,827.39	6-30-39
316	Firemen's Insurance Co.	130,795.53	60,123.99	36,074.39	7,086.72	96,198.38	6-30-39
317	First American Insurance Co.	28,330.10	13,035.44	7,821.26	1,490.29	20,856.70	6-29-39
318	Franklin Fire Insurance Co.	178,826.94	80,646.12	48,387.67	12,197.86	129,033.79	6-27-39
319	Franklin National Insurance Co.	21,025.20	9,483.79	5,690.27	1,367.13	15,174.06	6-29-39
320	Girard Fire & Marine Insurance Co.	38,210.73	17,485.12	10,921.49	1,909.47	28,406.61	6-30-39
321	Glens Falls Insurance Co.	54,009.61	24,651.65	14,790.99	3,133.31	39,442.64	6-30-39
322	Globe & Rutgers Fire Ins. Co.	48,478.03	22,142.10	14,170.37	2,422.70	36,312.47	6-27-39
323	Granite State Fire Ins. Co.	17,997.31	8,179.65	4,907.79	1,094.92	13,087.44	6-27-39
324	Great American Insurance Co.	241,675.50	108,995.80	65,397.48	16,050.39	174,393.28	6-27-39
325	Guaranty Fire Insurance Co.	5,808.52	2,614.32	1,742.06	290.31	4,356.38	6-30-39
326	Hanover Fire Insurance Co.	90,841.24	41,129.21	24,677.53	5,726.63	65,806.74	6-30-39
327	Hartford Fire Insurance Co.	534,768.55	238,290.94	142,974.56	40,292.55	381,265.50	6-28-39
328	Home Insurance Company	737,389.31	329,463.38	197,678.03	55,116.66	527,141.41	6-27-39
329	Home Fire & Marine Ins. Co.	27,620.81	12,592.29	7,555.37	1,621.41	20,147.66	6-30-39
330	Hudson Insurance Company	12,313.98	5,543.71	3,691.94	615.77	9,235.65	6-30-39
331	Imperial Assurance Company	23,554.94	10,635.05	6,381.03	1,562.55	17,016.08	6-27-39
332	Importers & Exporters Ins. Co.	49,474.37	22,263.46	14,842.31	2,475.63	37,105.77	6-30-39

(Continued - Page 4)

ACCOUNT NUMBER	NAME OF COMPANY	TOTAL AMOUNT IMPOUNDED	AMOUNT DISTRIBUTED TO COMPANY	AMOUNT DISTRIBUTED TO TRUSTEE	RESIDUE BALANCE	AM'T RE-TURNED TO CUSTODIAN	DATE OF RESTITUTION
334	Ins. Co. of North America	$194,070.33	$ 89,033.86	$ 53,420.32	$10,535.52	$142,454.18	6-29-39
335	Ins. Co. of State of Pennsylvania	41,042.05	18,766.87	11,260.12	2,365.28	30,026.99	6-28-39
336	Law Union & Rock Insurance Co.	28,068.66	12,959.58	7,845.80	1,403.53	20,805.38	6-30-39
338	Liverpool & London & Globe Ins. Co.	187,819.04	86,472.13	51,883.28	9,843.28	138,355.41	6-28-39
339	London Assurance Corporation	66,020.02	29,972.74	17,983.64	4,044.98	47,956.36	6-28-39
340	London & Lancashire Ins. Co.	82,093.70	37,510.59	22,506.36	4,713.03	60,016.95	6-30-39
341	London & Provincial M. & G. Ins.	10,568.81	4,826.90	2,896.14	607.71	7,723.04	6-30-39
342	London & Scottish Assurance Corp.	14,707.27	6,733.30	4,039.98	821.19	10,773.28	6-29-39
343	Lumbermen's Insurance Co.	34,516.19	15,946.76	9,640.50	1,725.10	25,587.26	6-29-39
344	Manhattan Fire & Marine Ins. Co.	10,571.55	4,860.38	2,980.17	529.01	7,840.55	6-28-39
345	Massachusetts Fire & Marine Ins. Co.	16,698.70	7,684.04	4,689.13	835.46	12,373.17	6-27-39
346	Mechanics Insurance Co.	7,753.51	3,491.55	2,322.97	387.74	5,814.52	6-30-39
347	Merchants Insurance Company	23,259.02	10,109.02	6,065.41	2,017.11	16,174.43	6-30-39
348	Merchants Fire Assurance Corp.	67,968.05	30,129.93	18,077.96	5,114.82	48,207.89	6-30-39
349	Merchants Fire Insurance Co.	13,213.94	6,069.14	3,641.48	718.24	9,710.62	6-27-39
350	Mercury Insurance Company	24,706.27	11,417.60	6,868.97	1,235.33	18,286.57	6-30-39
351	Michigan Fire & Marine Ins. Co.	17,515.61	7,915.98	4,749.59	1,118.57	12,665.57	6-29-39
352	Milwaukee Mechanics Ins. Co.	73,815.40	33,877.25	20,326.35	4,039.32	54,203.60	6-30-39

(Continued - Page 5)

ACCOUNT NUMBER	NAME OF COMPANY	TOTAL AMOUNT IMPOUNDED	AMOUNT DISTRIBUTED TO COMPANY	AMOUNT DISTRIBUTED TO TRUSTEE	RESIDUE BALANCE	AM'T RE-TURNED TO CUSTODIAN	DATE OF RESTITUTION
354-	National Ben Franklin Fire Ins.	$ 29,499.47	$ 13,599.34	$ 8,159.60	$ 1,548.87	$ 21,758.94	6-30-39
355	National Fire Insurance Co.	340,461.94	153,956.22	92,373.73	21,636.76	246,329.95	6-29-39
356	National LibertyInsurance Co.	93,154.71	42,603.85	25,562.31	5,282.07	68,166.16	6-27-39
357	National Reserve Insurance Co.	15,041.40	6,760.65	4,056.39	1,014.83	10,817.04	6-28-39
358	National Security Fire Ins. Co.	12,129.46	5,521.93	3,313.16	731.23	8,835.09	6-29-39
359	National Union Fire Insurance Co.	86,161.37	39,771.24	24,113.98	4,308.27	63,885.22	6-29-39
361	Newark Fire Insurance Co.	31,360.53	14,260.82	8,556.49	1,879.93	22,817.31	6-28-39
362	New England Insurance Company	16,698.26	7,687.26	4,612.36	879.86	12,299.62	6-29-39
363	New Hampshire Fire Ins. Co.	84,289.20	38,342.12	23,005.27	5,079.56	61,347.39	6-27-39
364	New Jersey Insurance Co.	31,985.52	14,022.72	8,413.63	2,619.19	22,436.35	6-28-39
366	New York Underwriters Ins. Co.	163,898.58	75,465.68	45,279.41	8,618.80	120,745.09	6-28-39
367	Niagara Fire Insurance Co.	54,321.86	24,982.90	14,989.74	2,866.20	39,972.64	6-29-39
369	Northern Assurance Company	92,943.52	42,371.60	25,422.96	5,525.00	67,794.56	6-29-39
370	Northern Insurance Company	79,814.40	36,392.07	21,835.24	4,660.06	58,227.31	6-30-39
371	North River Insurance Co.	76,075.10	33,660.21	20,196.13	5,957.96	53,856.34	6-27-39
372	Northwestern Fire & Marine Ins. Co.	15,154.47	6,553.89	3,932.33	1,357.47	10,486.22	6-28-39
374	Norwich Union Fire Ins. Society	47,626.59	22,013.75	13,208.25	2,400.35	35,222.00	6-30-39
375	Old Colony Insurance Company	18,579.00	8,464.82	5,078.89	1,100.02	13,543.71	6-30-39

(Continued - Page 6)

ACCOUNT NUMBER	NAME OF COMPANY	TOTAL AMOUNT IMPOUNDED	AMOUNT DISTRIBUTED TO COMPANY	AMOUNT DISTRIBUTED TO TRUSTEE	RESIDUE BALANCE	AM'T RE-TURNED TO CUSTODIAN	DATE OF RESTITUTION
376	Orient Insurance Company	$ 76,728.08	$ 35,062.39	$ 21,037.43	$ 4,389.81	$ 56,099.82	6-30-39
377	Pacific Fire Insurance Co.	34,898.61	16,021.72	9,613.03	1,914.07	25,634.75	6-28-39
378	Palatine Insurance Company	36,666.37	16,691.96	10,015.18	2,190.30	26,707.14	6-29-39
379	Patriotic Insurance Company	6,084.91	2,493.12	1,495.87	731.92	3,988.99	6-28-39
381	Philadelphia Fire & Marine Ins. Co.	55,606.84	25,532.06	15,319.23	3,073.21	40,851.29	6-29-39
382	Phoenix Assurance Company	85,141.71	38,651.96	23,191.18	5,276.73	61,843.14	6-27-39
383	Phoenix Insurance Company	130,243.10	59,055.24	35,433.14	8,142.83	94,488.38	6-28-39
383A	Central States Fire Insurance Co.	36,053.88	16,670.56	10,002.34	1,806.03	26,672.90	6-28-39
383B	Minneapolis Fire & Marine Ins. Co.	22,521.28	10,144.59	6,746.78	1,126.55	16,891.37	6-28-39
385	Presidential Fire & Marine Ins. Co.	3,546.55	1,595.94	1,063.96	177.39	2,659.90	6-30-39
386	Providence Washington Ins. Co.	47,648.86	21,723.24	13,033.94	2,794.07	34,757.18	6-28-39
387	Provident Fire Insurance Co.	8,200.98	3,769.48	2,311.10	410.04	6,080.58	6-30-39
389	Queen Insurance Company	112,715.63	51,468.81	30,881.29	6,502.34	82,350.10	6-28-39
390	Reliance Insurance Company	22,826.15	10,456 84	6,274.10	1,279.74	16,730.94	6-29-39
391	Rhode Island Insurance Co.	57,283.72	26,480.78	15,888.47	2,876.56	42,369.25	6-30-39
392	Royal Exchange Assurance	119,512.48	54,849.70	32,909.82	6,448.69	87,789.52	6-30-39
393	Royal Insurance Company	108,289.52	48,998.74	29,399.24	6,871.05	78,397.98	6-28-39
394	Safeguard Insurance Company	10,792.00	4,953.95	2,972.37	587.94	7,926.32	6-30-39

(Continued - Page 7)

ACCOUNT NUMBER	NAME OF COMPANY	TOTAL AMOUNT IMPOUNDED	AMOUNT DISTRIBUTED TO COMPANY	AMOUNT DISTRIBUTED TO TRUSTEE	RESIDUE BALANCE	AM'T RE-TURNED TO CUSTODIAN	DATE OF RESTITUTION
395	St. Paul Fire & Marine Ins. Co.	$ 87,878.31	$ 40,512.23	$ 24,580.51	$ 4,391.97	$ 65,092.74	6-30-39
396	Scottish Union & National Ins. Co.	96,492.09	44,145.09	26,487.05	5,450.82	70,632.14	6-29-39
397	Security Insurance Company	64,931.86	29,575.57	17,745.34	3,851.60	47,320.91	6-30-39
398	Sentinel Fire Insurance Co.	22,649.08	10,293.11	6,175.87	1,375.25	16,468.98	6-29-39
399	Springfield Fire & Marine Ins. Co.	285,333.52	129,292.54	77,575.53	18,331.86	206,868.07	6-29-39
400	Standard Fire Ins. Co. of Conn.	29,501.18	13,405.61	8,043.36	1,792.34	21,448.97	6-27-39
401	Standard Fire Ins. Co. of N. J.	63,371.75	28,910.27	17,346.16	3,680.61	46,256.43	6-30-39
402	Star Insurance Co.	31,356.72	14,365.45	8,619.27	1,740.69	22.984.72	6-28-39
403	State Assurance Company	10,029.77	4,513.76	3,008.49	501.68	7,522.25	6-30-39
404	Stuyvesant Insurance Co.	22,935.41	10,321.00	6,880.62	1,147.37	17,201.62	6-29-39
405	Sun Insurance Office	80,583.98	35,910.60	21,546.36	5,932.87	57,456.96	6-28-39
406	Superior Fire Incurance Co.	21,618.62	9,948.43	6,091.29	1,081.75	16,039.72	6-30-39
407	Svea Fire & Life Ins. Co.	12,959.84	5,833.02	3,886.83	648.42	9,719.85	6-30-39
408	Tokio Marine & Fire Ins. Co.	39,778.73	17,978.66	10,787.20	2,531.39	28,765.86	6-30-39
409	Transcontinental Insurance Co.	13,952.66	6,380.85	3,997.42	698.23	10,378.27	6-29-39
410	Travelers Fire Insurance Co.	194,580.76	87,382.09	52,429.25	13,111.86	139,811.34	6-27-39
411	Twin City Fire Insurance Co.	11,320.41	4,927.50	2,956.50	973.92	7,884.00	6-28-39
412	Union Assurance Society	16,513.67	7,632.83	4,606.82	824.82	12,239.65	6-29-39
413	Union Fire Insurance Co.	16,555.03	7,561.30	4,761.82	827.28	12,323.12	6-28-39

539

539

(Continued - Page 8)

ACCOUNT NUMBER	NAME OF COMPANY	TOTAL AMOUNT IMPOUNDED	AMOUNT DISTRIBUTED TO COMPANY	AMOUNT DISTRIBUTED TO TRUSTEE	RESIDUE BALANCE	AM'T RE-TURNED TO CUSTODIAN	DATE OF RESTITUTION
414	United Firemen's Insurance Co.	$ 2,446.18	$ 1,073.85	$ 644.31	$ 211.56	$ 1,718.16	6-27-39
415	United States Fire Ins. Co.	168,224.48	75,992.34	45,595.40	10,779.65	121,587.74	6-27-39
416	U. S. Merchants & Shippers Ins. Co.	8,381.57	3,772.27	2,513.91	419.58	6,286.18	6-27-39
418	Victory Insurance Company	12,587.36	5,664.50	3,776.30	628.93	9,440.80	6-29-39
419	Westchester Fire Insurance Co.	78,426.76	35,674.05	21,404.43	4,702.85	57,078.48	6-27-39
420	Western Assurance Company	20,176.81	9,255.66	5,553.40	1,097.67	14,809.06	6-27-39
421	Western Fire Insurance Co.	36,810.14	16,966.37	10,179.82	1,911.65	27,146.19	6-27-39
422	World Fire & Marine Insurance Co.	24,884.15	11,464.94	6,987.07	1,244.63	18,452.01	6-27-39
423	Yorkshire Insurance Company	43,255.69	19,729.32	11,837.59	2,519.69	31,566.91	6-30-39
425	Mechanics & Traders Insurance Co.	35,801.08	16,448.76	9,869.25	1,929.36	26,318.01	6-29-39
426	Potomac Insurance Company	53,683.98	24,507.42	14,704.45	3,096.90	39,211.87	6-30-39
901	Underwriters Grain Association	44,734.17	20,547.96	12,425.90	2,236.96	32,973.86	6-30-39
902	Pittsburgh Underwriters	3,496.87	1,499.35	899.61	330.94	2,398.96	6-30-39
903	General Cover Department	22,071.55	10,126.66	6,217.88	1,103.71	16,344.54	(6-27 to 30-(1939, Incl.
		$9,893,321.06	$4,488,193.84	$2,702,789.15	$613,918.21	$7,190,982.99	

A/C # 903	COMPANY	IMPOUNDING TO 5- 1-35	50% DUE COMPANIES	PAID COS. AFTER 5% DEDUCTION	PAID TRUSTEES 30%
270	American Insurance Co.	$ 592.20	$ 296.10	$ 289.34	$ 177.66
271	Agricultural Insurance Co.	735.16	367.58	359.19	220.54
275	American Alliance Insurance Co.	208.38	104.19	101.81	62.51
283	Boston Insurance Co.	555.53	277.77	271.43	166.66
296	Columbia Fire Insurance Co.	19.58	9.79	9.57	5.87
297	Commerce Insurance Co.	55.78	27.89	27.25	16.73
302	Connecticut Fire Insurance Co.	2,000.32	1,000.16	977.34	600.10
304	County Fire Insurance Co.	.75	.38	.37	.23
305	Detroit Fire & Marine Ins.Co.	.71	.36	.35	.21
310	Equitable Fire & Marine Ins. Co.	1,387.95	693.98	678.15	416.39
321	Glens Falls Insurance Co.	513.76	256.88	251.02	154.13
324	Great American Insurance Co.	1,241.10	620.55	606.39	372.33
326	Hanover Fire Insurance Co.	71.23	35.61	34.80	21.37
345	Massachusetts Fire & Marine Ins. Co.	4.85	2.42	2.37	1.46
350	Mercury Insurance Company	3,710.86	1,855.43	1,813.09	1,113.26
351	Michigan Fire & Marine Insurance Co.	2.82	1.41	1.38	.85
362	New England Fire Insurance Co.	574.60	287.30	280.74	172.38
375	Old Colony Insurance Co.	2.37	1.18	1.15	.71
383	Phoenix Insurance Company	2,422.38	1,211.19	1,183.55	726.71
383A	Central States Fire Insurance Co.	252.78	126.39	123.51	75.83
383B	Minneapolis Fire & Marine Ins. Co.	45.31	22.66	22.14	13.59
386	Providence Washington Insurance Co.	288.07	144.04	140.76	86.42
395	St. Paul Fire & Marine Insurance Co.	500.61	250.30	244.59	150.18
397B	New Haven Underwriters	63.87	31.93	31.20	19.16
398	Sentinel Fire Insurance Co.	58.10	29.05	28.39	17.43
399	Springfield Fire & Marine Insurance Co.	5,417.19	2,708.59	2,646.78	1,625.17
		$20,726.26	$10,363.13	$10,126.66	$ 6,217.88
	Amount deducted to Retain 5% of total impounding.....		$ 236.47		
			$10,126.66		

Q.37. This exhibit we have offered doesn't purport to show any amounts or any distributions that were made to the policyholders? A. No, sir.

Q.38. The policyholder fund, the amount that was due the policyholders, plus their portion of the accretions to the fund, was set aside, and the moneys put in a trust fund in the Commerce Trust Company? A. Yes, sir.

Q.39. Immediately following the decree? A. Yes, sir.

Q.40. You have made distributions to the policyholders, and they have been made out of that fund? A. Yes, sir.

Q.41. You also have in your hands that portion of the accretions that would have belonged to the companies? A. Yes, sir.

Q.42. None of that has been distributed to the companies? A. No, sir.

Q.43. You have been paying the expense of making the restitution to the policyholders out of that fund? A. Yes, sir.

Q.44. So that fund has been gradually diminished? A. Yes.

Q.45. But the amount of that fund does not appear upon this exhibit? A. No, sir.

Q.46. In other words, the companies got no portion of the accretion? A. That is correct.

Q.47. And consequently this exhibit that you have here deals just with the principal amounts that have been paid out to the companies and reimbursed by the companies to you? A. Yes, sir.

Q.48. As of August 31, 1939, you had on hands a surplus of $332,517.85? A. Yes, sir.

The Special Master: Does that represent unexpended accretions?

A. Yes, sir.

Q.49. (By Mr. Berger) That is just a book figure however, not a cash figure? A. I don't quite understand your meaning there.

The Special Master: He means this: did you ever arrive at it by having that much cash in the value, or did you arrive at it by valuing the securities that you have on hand, and adding to that the amount of cash on hand?

A. This is arrived at by the sale and the charge made to the insurance companies of our profits on the

bonds that we mailed them, and the interest and cash that we have taken in.

The Special Master: Do you have any bonds on hand at all?

A. We do. This does not include our accretions on those bonds. That is our paper profit at the present time.

The Special Master: Then that is an actual figure?

A. That is an actual figure.

Q.50. So this surplus account might be higher if you had sold the bonds that you had had on hand at that time? A. It would be.

Q.51. So that you haven't any actual figure as to just what the actual amount of the companies' portion of the accretions amount to at this time? A. No, sir.

The Special Master: Because that would require setting up a book figure for what you considered to be the actual value of the securities?

A. That is correct, as of this date.

The Special Master: You mentioned something that I think I may ask you about: when the bonds were distributed to the companies, they were distributed at the market value of the bonds as of the day they were shipped?

A. Yes, sir.

Q.52. And that paid the companies so many dollars on their 50 per cent that was due back to them? A. Yes, sir.

Q.53. That was the only way that you had made any realization of the profits in those bonds that represented the companies' proportion of these impounded funds? A. Yes, sir.

Mr. Berger: That is all.

Cross Examination by Judge Henson.

XQ.54. Mr. Campbell, has the amount set out in the decree of February 1, 1936, to the policyholders been distributed to them? Has that job been completed? A. Yes, sir, that was distributed and added their part on each check.

XQ.55. Well, I knew that, but the distribution to policyholders is complete? A. It is not quite completed. We have 3,566 checks, totalling $3,251.25, which have never been mailed to the policyholders at this time. The reason we are unable to complete the checks is on account of

lack of information on our books, which we have not been able to obtain at this time from the companies.

XQ.56. With such an exception as that, I assume that the distribution have all been mailed to the policyholders to their last known address? A. Yes, sir.

Mr. Berger: It might be of interest for you to put this in (indicating).

A. Checks written and mailed, as of August 31, 1939, 3,197,107 checks, totalling $2,230,313.80. Checks to be completed and mailed, 3,566 checks, totalling $3,251.25. Total checks paid by bank, 2,783,958 checks, totalling $2,046,713.20. Checks mailed but not paid by bank, 413,149 checks, totalling $183,600.60.

Mr. Berger: This last item of 413,149 checks you have had returned to you, 280,020 checks by the Post Office Department?

A. That is correct.

Mr. Berger: You have from time to time, and are now in the process of getting better addresses and mailing those out?

A. Yes, sir, we are.

The Special Master: There is about .1 per cent that have never actually been mailed out.

Mr. Berger: There is also the difference between 413,000 and 280,000 that have been received by policyholders but not cashed?

A. Yes, sir.

Judge Henson: That is all.

Mr. Berger: That is all.

(Witness excused.)

Mr. Berger: I think that is all, your Honor.

The Special Master: Do the plaintiffs rest?

Mr. Berger: We rest.

Whereupon, the plaintiffs rested their case.

And the foregoing was all of the testimony presented before said Special Master.

Certificate of Reporter.

State of Missouri, County of Jackson, ss.

I, Emily F. Miles, a shorthand reporter with offices at 1501 Fidelity Building, Kansas City, Missouri, do certify that on the dates and places hereinbefore set out, I was in attendance as the official reporter before the Special Master, Judge Paul V. Barnett, and as such reported the testimony of the various witnesses hereinbefore enumerated in the matter of American Insurance Company, a corporation, Plaintiff, vs. Ray B. Lucas *et al.*, Defendants, In Equity No. 270 (and other pending cases, 270 to 426, excepting those dismissed), pending in the District Court of the United States for the Western District of Missouri, Central Division; that I afterwards transcribed said shorthand notes of the testimony of said witnesses, and that the foregoing printed transcript, consisting of three volumes, is a true and correct transcript of all of the testimony of said witnesses, the exhibits, the objections to the introduction of any such testimony, together with the rulings thereon.

Given under my hand this 12th day of September, 1939.

Emily F. Miles,
Official Reporter.

Stipulation As to Checks of Union Fire Insurance Company and Phoenix Insurance Company.

It Is Stipulated by the Superintendent of Insurance of the State of Missouri, and by all of the plaintiff insurance companies in the one hundred thirty seven rate cases heard before Paul Barnett, as special master in chancery, as follows:

Union Fire Insurance Company issued a check, dated April 2, 1936, for $793.65, payable to Charles R. Street, Agent, and such check was endorsed "Charles R. Street, Agent" and was marked "paid" by the bank as of April 4, 1936. The notation on the face of the check was as follows: "Legal exp. in connection with Missouri impounded Pms."

The Phoenix Insurance Company issued a check, dated March 23, 1936, for $9,132.73, payable to C. R. Street, Agent. The check was endorsed "C. R. Street, Agent" and was marked "paid" by the bank as of March 26, 1936. The notation on the face of the check was as follows: "In payment of legal expense."

Done, this 29th day of November, 1939.

CHARLES L. HENSON,

Attorney for the Superintendent of Insurance.

HOMER H. BERGER,

Attorney for the Plaintiff Insurance Companies.

Filed with the Master December 2, 1939.

PAUL BARNETT,

Special Master.